BANDAI NAMCO

Globally Recognized **Entertainment Group**

NAMCO BANDAI Holdings Inc.

Annual Report 2009

Aiming to be a "Globally Recognized Entertainment Group"

The BANDAI NAMCO Group develops entertainment-related products and services in a wide range of fields, including toys, video game software, arcade game machines, visual and music products, and amusement facilities. We aim to be a "Globally Recognized Entertainment Group" by establishing a strong operational foundation in the domestic market, while aggressively developing operations in overseas markets to secure future growth. Moving forward, the BANDAI NAMCO Group will continue to provide "Dreams, Fun and Inspiration" to people around the world through entertainment based on creativity and boundless enthusiasm.

Our **Mission Statement**

Dreams, Fun and Inspiration

"Dreams, Fun and Inspiration" are the Engine of Happiness.

Through our entertainment products and services, BANDAI NAMCO will continue to provide "Dreams, Fun and Inspiration" to people around the world, based on our boundless creativity and enthusiasm.

Our **Vision**

The Leading Innovator in Global Entertainment

As an entertainment leader across the ages, BANDAI NAMCO is constantly exploring new areas and heights in entertainment. We aim to be loved by people who have fun and will earn their trust as "The Leading Innovator in Global Entertainment."

BANDAI NAMCO Group Annual Report 2009 Topics

It has been four years since the management integration of Bandai and NAMCO, and in this Annual Report 2009, we introduce the new BANDAI NAMCO Group, which has entered the next phase of growth.

New **Management**

We have changed to a system of two representative directors.

From April 2009, Shukuo Ishikawa has become President and CEO and Representative Director of NAMCO BANDAI Holdings, while Takeo Takasu has become Chairman and Representative Director. In this way, we have changed from the previous system of one representative director to a system of two representative directors. Moving forward, we will work to expand our operations under this new system.

New **Mid-term Business Plan**

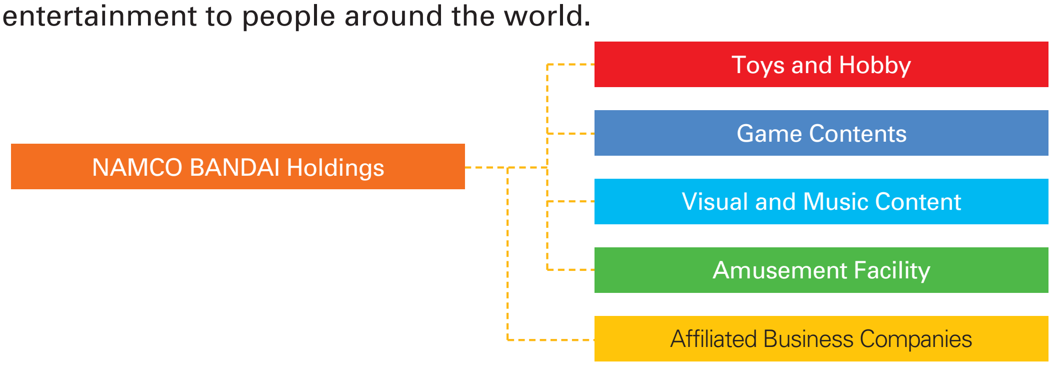
The BANDAI NAMCO Group has commenced a new Mid-term Business Plan.

During the new Mid-term Business plan period, which began in April 2009, we will bolster the global growth foundation, targeting the achievement of the medium-to-long-term Group vision of being a "Globally Recognized Entertainment Group," and accordingly we will implement upfront investment and take steps to bolster our profitability.

New **Organization**

We are aiming for global growth utilizing our four Strategic Business Units (SBUs).

From April 2009, the Game Contents SBU and the Network SBU were merged, creating a system of four SBUs. In the future, in these four operational areas—Toys and Hobby, Game Contents, Visual and Music Content, and Amusement Facilities—we will provide a variety of entertainment to people around the world.



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Forward-Looking Statements
The forward-looking statements in this annual report are based on the information available to management as of August 6, 2009, and include various risks and uncertainties. Accordingly, actual results may differ materially from these projections for a variety of reasons. Major factors that could influence actual results include changes in the BANDAI NAMCO Group's operating environment, market trends, and exchange rate fluctuations.

Notes
1. All figures in this report are rounded to the nearest unit.
2. Fiscal 2009, FY2009.3, and the year under review represent the one-year period ended March 31, 2009.
3. Figures in this annual report are as of August 2009.

Globally Recognized **Entertainment Group**

Starting Point

2006.4—2009.3

Results of the Mid-term Business Plan ended March 2009 and future challenges

BANDAI NAMCO has completed the three-year Mid-term Business Plan that commenced in April 2006, which was the newly formed Group's first business plan. In this section, we look back over the past three years and outline the results of the plan and identify future challenges.

Results and Challenges under the **Previous Mid-term Business Plan** (April 2006 to March 2009)

The theme of the previous Mid-term Business Plan was "maximizing Group synergies" to leverage synergistic effects as rapidly as possible. Comparing the numerical objectives of the plan to our results, in the fiscal year ended March 2007, the initial year of the plan, we achieved the plan's targets, except for net sales. In the fiscal year ended March 2008, we failed to meet the plan's targets, with the exception of net income and ROE, which resulted from a gain on the sale of land. In the fiscal year ended March 2009, the final year of the plan, the global economic recession had an adverse influence, and we failed to meet the plan's targets by a substantial margin.

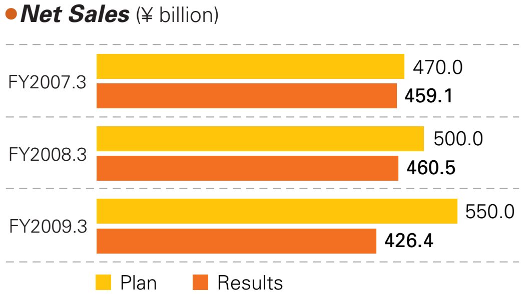
Looking at the challenges that we faced in operations, we aimed to maximize Group synergies among all SBUs but we did not select and focus the allocation of management resources or respond rapidly enough to the changes in the market environment and customer needs.

On the other hand, in management, our results included rapid progress with measures to enhance the Group's management base, such as the restructuring of the Group's organization, the integration of the human resources and corporate cultures of Bandai and NAMCO, and the reinforcement of our financial condition. Specifically, Bandai Networks, the core company in the Network SBU, and Bandai Visual, the core company in the Visual and Music Content SBU, were made wholly owned subsidiaries. In addition, we implemented restructuring measures among consolidated subsidiaries in the Game Contents SBU and took steps to consolidate Group management functions. In April 2009, we combined the Game Contents SBU and the Network SBU. In this way, the Group bolstered its management base for the next phase of growth and created a system that has enhanced the Group's focus on operations.

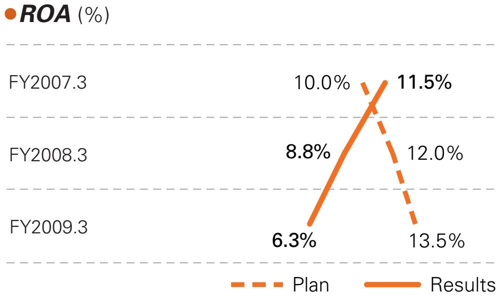
	Fiscal year ended March 2007			Fiscal year ended March 2008			Fiscal year ended March 2009		
	Plan	Results	Difference from plan	Plan	Results	Difference from plan	Plan	Results	Difference from plan
Net sales (¥ billion)	470.0	459.1	97.7%	500.0	460.5	92.1%	550.0	426.4	77.5%
Operating income (¥ billion)	40.0	42.2	105.6%	50.0	33.4	66.8%	58.0	22.3	38.4%
ROA (%)	10.0	11.5	+1.5P	12.0	8.8	-3.2P	13.5	6.3	-7.2P
ROE (%)	8.0	9.4	+1.4P	9.5	11.7	+2.2P	10.0	4.3	-5.7P

Note: The "Plan" figures included here are the figures from the time when the Mid-term Business Plan was formulated in February 2006.

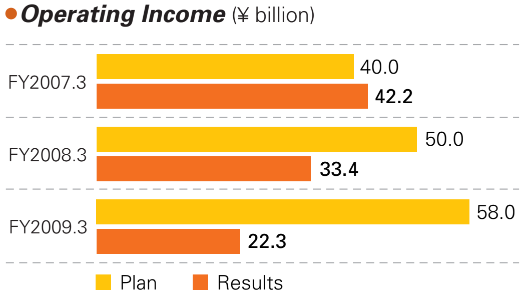
● ***Net Sales*** (¥ billion)



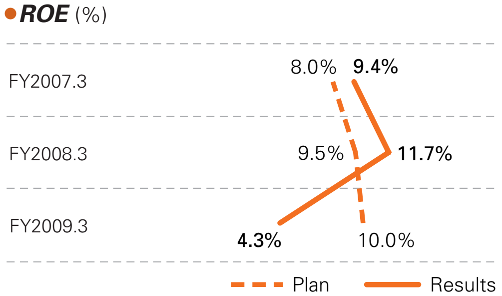
● ***ROA*** (%)



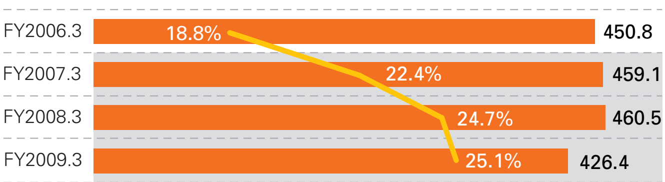
● ***Operating Income*** (¥ billion)



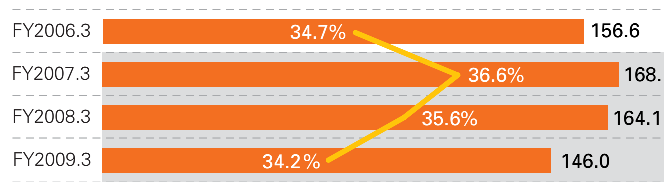
● ***ROE*** (%)



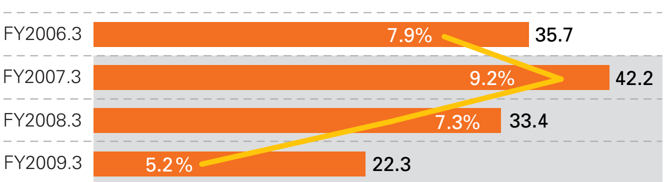
Net Sales (¥ billion) **/ Overseas Sales Proportion** (%)



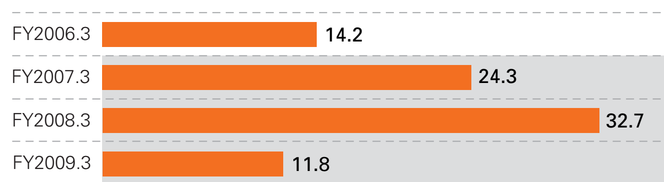
Gross Profit (¥ billion) **/ Gross Profit Margin** (%)



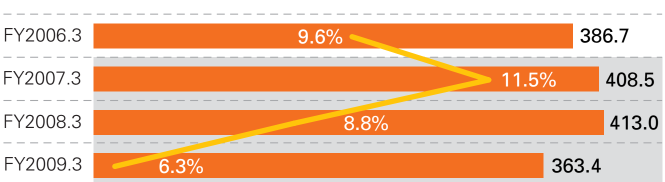
Operating Income (¥ billion) **/ Operating Income Margin** (%)



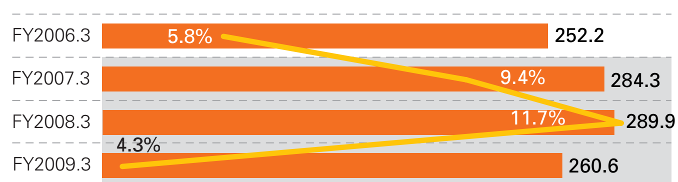
Net Income (¥ billion)



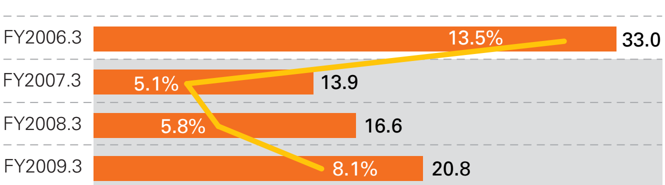
Total Assets (¥ billion) **/ ROA** (%)



Total Net Assets (¥ billion) **/ ROE** (%)

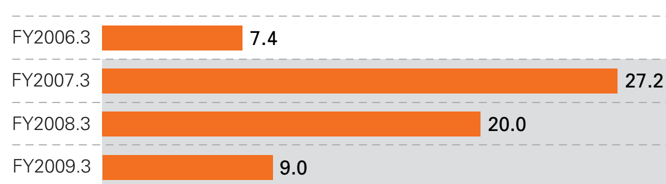


Interest-Bearing Debt (¥ billion) **/ Debt-Equity Ratio** (%)



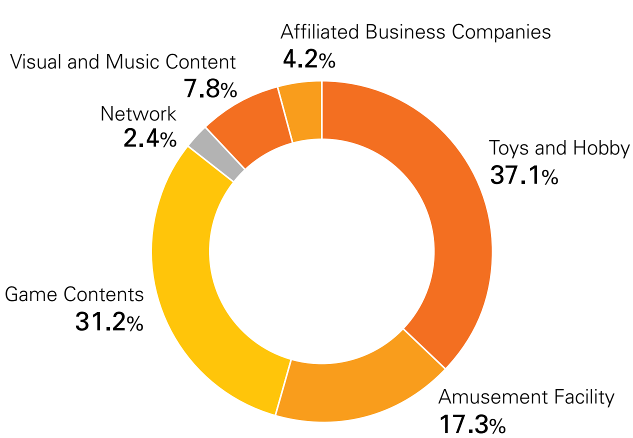
Previous Mid-term Business Plan (April 2006 to March 2009)

Free Cash Flows (¥ billion)



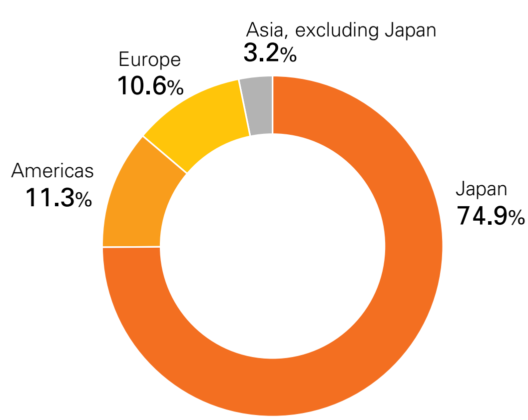
*Free cash flows = Net cash provided by operating activities + Net cash used in investing activities

Contribution to Net Sales by Business Segment (FY2009.3)



Note: Percentage figures are calculated based on sales before elimination of internal transactions

Contribution to Net Sales by Geographic Segment (FY2009.3)



Note: Percentage figures are calculated based on external sales

Consolidated ***Financial Highlights***

NAMCO BANDAI Holdings Inc. and Consolidated Subsidiaries

For the years ended March 31	2007.3	2008.3	2009.3	% Change 2008.3 vs. 2009.3	Thousands of U.S. dollars*1 except per share data 2009.3
	Millions of yen, except per share data and main financial indicators				
For the Year					
Net sales	¥459,133	¥460,474	***¥426,400***	-7.4%	***$4,340,833***
Gross profit	168,080	164,073	***146,023***	-11.0	***1,486,542***
Operating income	42,224	33,411	***22,348***	-33.1	***227,507***
Recurring income*2	45,616	36,198	***24,513***	-32.3	***249,547***
Net income	24,252	32,679	***11,830***	-63.8	***120,432***
Capital expenditures	27,925	34,115	***17,481***	-48.8	***177,960***
Depreciation	21,201	24,759	***22,546***	-8.9	***229,523***
Cash flows from operating activities	42,493	35,000	***19,301***	-44.9	***196,488***
Cash and cash equivalents at end of year	124,156	129,290	***110,037***	-14.9	***1,120,197***
At Year-End					
Total assets	¥408,490	¥413,023	***¥363,445***	-12.0%	***$3,699,939***
Total net assets	284,254	289,944	***260,579***	-10.1	***2,652,744***
Per Share Data (yen and U.S. dollars*1)					
Net income (Basic)	¥ 95.73	¥ 128.65	***¥ 47.95***	-62.7%	***$0.49***
Total net assets	1,063.29	1,127.72	***1,067.71***	-5.3	***10.87***
Cash dividends	28.00	24.00	***24.00***	0.0	***0.24***
Main Financial Indicators (%)					
Return on equity (ROE)	9.4%	11.7%	***4.3%***		
Return on assets (ROA)	11.5	8.8	***6.3***		
Overseas sales proportion	22.4	24.7	***25.1***		
Operating income margin	9.2	7.3	***5.2***		
Shareholders' equity ratio	67.1	69.4	***70.9***		

*1 U.S. dollar amounts have been translated, for convenience only, at the rate of ¥98.23=U.S.$1, the approximate exchange rate on March 31, 2009.
*2 Recurring income is a Japanese accounting term denoting income before extraordinary items.

Globally Recognized
Entertainment Group

Destination

2009.4 — 2012.3 New Mid-term Business Plan

New system and Mid-term Business Plan that started April 2009

This section provides a message from the Chairman and Representative Director and the President and Representative Director. In addition, this section includes an overview of our new Mid-term Business Plan, under which we are aiming to be a "Globally Recognized Entertainment Group" over the medium to long term.

To Our **Shareholders** and **Investors**

Takeo Takasu

Shukuo Ishikawa

To enhance management and expand operations, we have changed to a system of two representative directors and focus on growth over the medium to long term.

In April 2009, NAMCO BANDAI Holdings changed from its previous system of one representative director to a system of two representative directors. As a result, Shukuo Ishikawa, who had served as President and Representative Director of NAMCO BANDAI Games, the core company in the Game Contents SBU, became President and CEO and Representative Director of NAMCO BANDAI Holdings. Meanwhile, Takeo Takasu, who had served as the president since the merger of Bandai and NAMCO in September 2005, became chairman and representative director.

Since the management integration in 2005, Group management has been handled with a system of one representative director. This system was intended to rapidly realize harmonious operations and synergies stemming from the management integration, to harness the Group's energies in the same direction, and to establish a strong management foundation as rapidly as possible. Over the three-year period (fiscal 2007.3 to fiscal 2009.3) covered by the previous Mid-term Business Plan, we implemented initiatives to reinforce our management foundations, such as restructuring the Group organization, integrating human resources and corporate cultures, and bolstering our financial foundation. Next, under the new Mid-term Business Plan that started in April 2009, we will shift to a phase of proactive business development and aim for growth over the medium to long term. Accordingly, targeting the further enhancement of management and expansion of operations, we decided that it was time to change to a system of two representative directors.

Moving forward, the two representative directors will work closely, continually sharing information about important issues and managing the Group. Chairman Takeo Takasu will provide general guidance for the attainment of the Group's long-term vision and will be responsible for the execution of Groupwide strategies and actions related to overseas expansion. President Shukuo Ishikawa will serve as the Group's Chief Executive Officer for management and operations and will be responsible for the execution of a range of initiatives in accordance with the Mid-term Business Plan.

Under this new system, the BANDAI NAMCO Group will continue working to provide "Dreams, Fun and Inspiration" to people around the world through entertainment as well as to realize its vision of being "The Leading Innovator in Global Entertainment." Even as we implement the new Mid-term Business Plan, we will strive to record growth by continuing to follow this approach, which expresses our unchanging corporate philosophy. The current economic slump is said to be the type of event that occurs only once a century. In this setting, the role of the BANDAI NAMCO Group is to assist society as a whole in breaking through the mood of economic stagnancy. We are confident that we have the potential to fulfill that role. The BANDAI NAMCO Group looks forward with great anticipation as we shift to a phase of proactive business expansion under the new system. We would like to ask for your continued support in the years ahead.

August 2009

Chairman and Representative Director, Takeo Takasu

President and CEO, and Representative Director, Shukuo Ishikawa

Shukuo Ishikawa

President and CEO, and Representative Director

Brief History

April 15, 1955: Born in Iwakuni, Yamaguchi Prefecture
April 1978: Joined NAMCO LIMITED
June 1995: Director in charge of Development Division II of NAMCO LIMITED
June 1999: Managing Director in charge of Research, Development and Production at NAMCO LIMITED
April 2005: Executive Vice President and Representative Director in charge of contents business of NAMCO LIMITED
April 2006: President and Representative Director of NAMCO BANDAI Games Inc.
June 2006: Part-time Director of NAMCO BANDAI Holdings Inc. and President and Representative Director of NAMCO BANDAI Games Inc.
April 2009: President and CEO and Representative Director of NAMCO BANDAI Holdings Inc.

To be a "Globally Recognized Entertainment Group," we will manage our operations with an emphasis on people and will endeavor to raise the value of each employee's contribution. In this way, we will strive to create "a group centered on human resource management with unique strengths in entertainment and imagination."

I have recently been appointed as the President and CEO and Representative Director of NAMCO BANDAI Holdings. About 30 years have passed since I joined NAMCO, and I have spent most of that time in planning and development departments, working to create products that entertain customers. Following the management integration of Bandai and NAMCO, I served as President of NAMCO BANDAI Games, which has overall responsibility for game content. In this role, I endeavored to integrate each company's know-how and human resources, and I believe that we were able to put operations on the right track. Moving forward, as President and CEO overseeing the BANDAI NAMCO Group's management and operations, I will strive to implement a range of initiatives based on the new Mid-term Business Plan and to make BANDAI NAMCO a "Globally Recognized Entertainment Group."

The origin of entertainment is the provision of appealing products and services that delight customers. The starting point for everything that we do is our commitment to providing the best possible entertainment to customers. By putting that commitment into practice, we will strive to enhance the Group's presence in global markets. It is important that every employee think "I really want our customers to enjoy our products and services," because that is the key to getting customers to actually purchase and enjoy our products and services. And with every employee in the Group strongly committed to that idea, it is my responsibility to lead the Group in a direction that will enable us to leverage our full potential.

I actively visit worksites related to the Group's businesses and communicate with employees. The Group has a large number of uniquely talented individuals with a keen "entertainment" sensibility. I will commit myself to building an environment in which these talented employees can display their full potential. I will strive to raise the presence of the Group as a whole by placing importance on the same point of view as customers and employees, by advancing management with a focus on people, and by raising the value of each employee's contribution. My fundamental management policy is to create "a group centered on human resource management with unique strengths in entertainment and imagination."

We currently face a difficult business environment due to the sluggish economic conditions around the world. Nonetheless, I look at the business environment in a positive way and believe that now is the time for innovation. The BANDAI NAMCO Group has a business portfolio with an unrivaled scope. This means that we have many avenues for the use of our entertainment products and services, in other words, business opportunities, and the scope of our operations is a strength that is unique to BANDAI NAMCO. To make the most of that strength, we will strive to draw out the full potential of our employees, who are the greatest asset of an entertainment company, and to create "a group centered on human resource management with unique strengths in entertainment and imagination." In this way, we will create products and services that provide dreams and inspiration to our customers.

August 2009

Results in the fiscal year ended March 2009

"We offered appealing products and services, but the sluggish business conditions had an adverse influence, and we were consequently not satisfied with our results."

In the fiscal year under review, the disruption of the financial markets, which began with the subprime loan problem in the United States, developed into a global financial crisis that had a significant influence on consumer spending in Japan and overseas. Consequently, market conditions remained severe throughout the year.

In this setting, the Group's net sales were down 7.4%, to ¥426.4 billion, and operating income declined 33.1%, to ¥22.3 billion. In the Toys and Hobby SBU, boys toys based on popular characters performed well in Japan and overseas. In the Game Contents SBU, results were supported by popular titles of video game software in overseas markets. However, from fall 2008, the global economic slowdown had a major adverse influence, and conditions were more sluggish than anticipated in most business areas. By segment, the economic slowdown especially affected the Amusement Facility SBU, which faced difficult operating conditions for its existing facilities in the domestic market, and the Visual and Music Content SBU, which recorded sluggish sales of packaged products. In expenses, we recorded amortization of goodwill for Bandai Visual and Bandai Networks, which were made wholly owned subsidiaries in the previous fiscal year. We also recorded a valuation loss on investment in securities and an impairment loss on amusement facilities.

As a result, net income declined substantially, falling 63.8%, to ¥11.8 billion. However, this decline was due primarily to a rebound from the previous year, when a gain was recorded on the sale of land in Tokyo.

Achievements under the previous Mid-term Business Plan and targets under the new Mid-term Business Plan

"We will strive to be a 'Globally Recognized Entertainment Group' and to build a management foundation for global growth."

Under the previous Mid-term Business Plan, which commenced in April 2006, we regrettably failed to reach our targets by a substantial margin. The reasons for this performance included a decline in economic conditions that exceeded our expectations, such as the prevailing global business slump, as well as the fact that we could not respond rapidly to changes in the market environment and customer needs. On the other hand, our achievements included rapid progress with measures to enhance the Group's management foundation, such as the restructuring of the Group's organization, the integration of the human resources and corporate cultures of Bandai and NAMCO, and the reinforcement of our financial foundation. As a result, we built a system that enables us to focus on operational growth, and under the Mid-term Business Plan that commenced in April 2009, we will allocate our management resources to focused business opportunities and aim for growth over the medium to long term.

In formulating the new Mid-term Business Plan, we determined three directions that are necessary to achieve growth in the rapidly changing global entertainment market.

First, the BANDAI NAMCO Group must strengthen its overseas business. Currently, the domestic market is affected by the trend toward fewer children and is expected to show sluggish growth or possibly even contract. However, looking at the global market, the toys and hobby market, for example, has a scale of more than ¥5 trillion, of which Europe and the Americas account for about 70%. Moreover, in video game software, the global market has a scale of more than ¥2 trillion, and the scale of the markets in the Americas and Europe is 1.7 times the level of four years ago. In comparison to our operations in the domestic market, the Group's presence in these global markets is too small. For example, in the toys and hobby market, we have a market share of about 1% in Europe and the Americas, and there are many categories in which we have only a limited presence. Consequently, we must reinforce and expand our overseas operations.

Second, we need to execute innovative content strategies. Recently, we have seen a growing trend toward the emergence of hit content in short periods of time. This trend is a result of the global oligopoly in distribution and media and of the simultaneous worldwide distribution of content, which is due in part to the spread of the Internet. Accordingly, we must implement bold reforms, such as implementing content development based on the assumption of global distribution and responding to media diversification.

Third, we must expand our scale to compete in the global market. Mergers and acquisitions (M&As) among companies in the entertainment industry are taking place at an increasingly rapid pace, and competition is intensifying on a global scale. Consequently, we will need to expand our scale to compete with top companies around the world.

While maintaining a focus on these three challenges, BANDAI NAMCO's medium-to-long-term Group vision is to be a "Globally Recognized Entertainment Group," and the Group is aiming to achieve operating income of ¥100 billion, an overseas sales ratio of 50%, and ROE of 10% or more over the course of the Mid-term Business Plan that starts in April 2015. We have positioned the term covered by the new Mid-term Business Plan as a period for advancing strategies and policies targeting these objectives. The BANDAI NAMCO Group will strengthen its business operations on a global scale by making up-front investments in growth businesses and bolstering its operational profitability. Based on this foundation, the Group will strive to achieve full-scale growth in the global market and aim to be a "Globally Recognized Entertainment Group" through the implementation of long-term Group strategies.
(For further information about the Mid-term Business Plan, please refer to pages 14 to 17.)

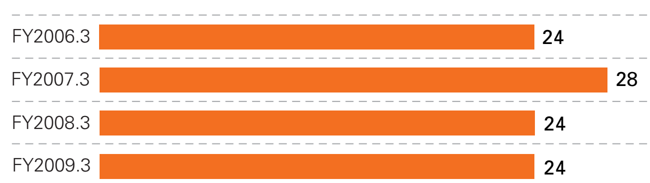
Capital policy and return to shareholders

"Our fundamental policy is to aim for a payout ratio of 30%, based on a stable annual dividend payment of ¥24 per share."

The Company considers the return of profits to shareholders to be one of its most important management issues. Our basic policy for the payment of dividends is to continue to pay dividends and raise enterprise value while further strengthening the Group's competitiveness and maintaining a sound financial position. Specifically, our policy is to appropriate an amount equivalent to a 30% dividend payout ratio from consolidated periodical net income, based on a stable annual dividend payments of ¥24 per share. Furthermore, we will consider using a portion of the balance remaining after the appropriation of dividends for the acquisition of our own shares, with comprehensive consideration of aspects such as the level of cash on hand, operating performance, recent share price movement, and plans for large-scale investments.

Over the three years of the previous Mid-term Business Plan, our total payout ratio, including dividends and the acquisition of our own shares, was actually about 80%. Moving forward, income after the appropriation of dividends will be applied on a priority basis to M&A transactions and to up-front investment, such as development investment, with the objective of expanding operations overseas. We will consider actively implementing M&A transactions in the entertainment field when we believe that mutual synergies can be expected. Group companies D3 INC. and NAMCO BANDAI Partners S.A.S. have recently been made wholly owned subsidiaries. Based on our previous favorable relationship with these two companies, we believe that this initiative will contribute to the strengthening of our overseas business.

● ***Cash Dividends*** (yen)



Note: Dividends for the fiscal year ended March 31, 2006, include share transfer payments made in lieu of interim dividends.

CSR activities

"We will continue to implement creative, highly topical CSR activities that exemplify BANDAI NAMCO's strengths."

In CSR activities, the new Mid-term Business Plan calls for strengthening environmental management. Specifically, we will promote environmentally friendly policies in products and services for all Group companies. Our objective is to reduce CO_2 emissions from our worksites by 5.4%* over three years. Also, as one facet of the *Mobile Suit Gundam* 30th Anniversary Project, we created a real-size (18 meter tall) *Gundam* statue. This statue, which was created as a part of the Green Tokyo *Gundam* Project, was set up in a park in Tokyo. Donations to the Green Tokyo Fund will be made from the event receipts. Moving forward, we will continue to implement creative, highly topical CSR activities that exemplify BANDAI NAMCO's strengths.

The BANDAI NAMCO Group's

Mid-term Business Plan

The BANDAI NAMCO Group commenced a new three-year Mid-term Business Plan in April 2009. Under the previous Mid-term Business Plan, which covered the period from April 2006 to March 2009, the BANDAI NAMCO Group reinforced its management foundations by restructuring its organization, integrating its human resources, and strengthening its financial position. The system established through these measures has enabled the Group to focus more on its business operations. Now, we have entered a phase of proactive business development, and we are aiming to achieve accelerated growth over the medium to long term.

Background to the Development of the Mid-term Business Plan

1. Strengthening overseas business

The BANDAI NAMCO Group is currently conducting entertainment operations in domestic and overseas markets. In the domestic market, we have strengths in each business category. On the other hand, in the larger overseas market, our business scope and content portfolio are very limited, and thus our market share and sales ratio are small. Therefore, we believe that we must strengthen our operations in overseas markets in order to achieve future growth.

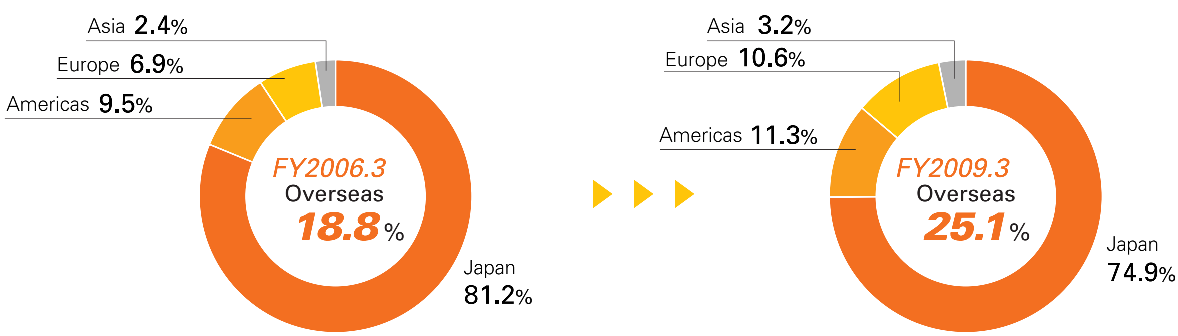
2. Pursuing innovation in our content strategy

Currently, the entertainment industry is characterized by an oligopoly in distribution and media and the spread of the network environment. As a result, there is a growing trend toward the development of powerful content into global hit products in a short period of time. We will continue to pursue innovation in our content strategy and will not limit ourselves to previous methods of developing content.

3. Expanding our scale to compete in the global market

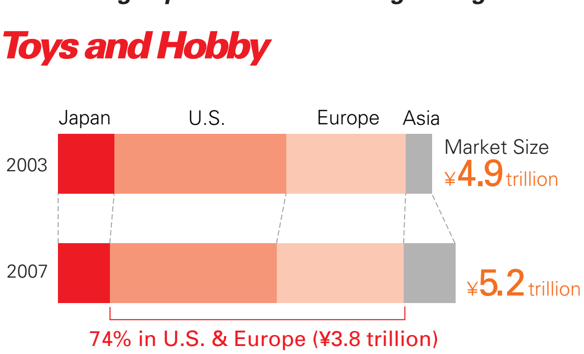
In the entertainment industry, M&As are taking place at an increasingly rapid pace, and competition is intensifying on a global scale. Moving forward, we will need to expand our scale to compete with leading companies around the world.

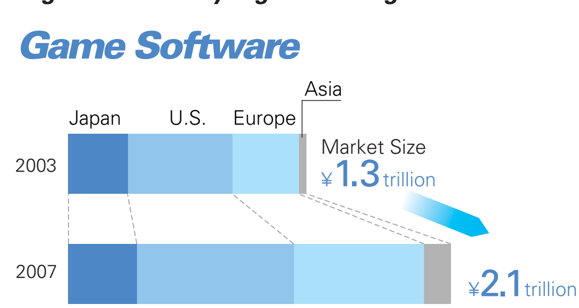
●Contribution to Net Sales by Geographic Segment



Note: Percentage figures are calculated based on external sales.

●Shrinking Japanese market and growing overseas market — Changes in shares by region in the global market





Our direction: Focus on growth in the global market from a long-term perspective

Medium to long-term Group Vision

BANDAI NAMCO's medium-to-long-term Group vision is to be a "Globally Recognized Entertainment Group," and the Group is aiming to achieve operating income of ¥100 billion, an overseas sales ratio of 50%, and ROE of 10% or more under the Mid-term Business Plan that will start from April 2015. The three years covered by the recently launched Mid-term Business Plan have been positioned as a period for advancing strategies and measures targeting the achievement of our medium-to-long-term Group vision. We will reinforce our global growth foundation by implementing two strategies: "Focus" as our business strategy and "Enhance the Entertainment-Hub" as our function strategy.

Medium to Long-term Group Vision (Apr. 2015–Mar. 2018)

Globally Recognized Entertainment Group

Operating Income: ¥**100** billion Overseas Sales Ratio: **50**% ROE: more than **10**%

Previous Mid-term Business Plan (Apr. 2006–Mar. 2009)

Completing development of our management base

- Restructured organization
- Aligned corporate culture and human resources
- Strengthened financial base, etc.

Medium to Long-term (Apr. 2012–)

Substantial growth in global market

- Generating returns from our investments
- Making further investments for growth

Mid-term Business Plan (Apr. 2009–Mar. 2012)

Developing a global base for growth

- Investments in growing business areas
- Improving profitability

Aiming to be a "Globally Recognized Entertainment Group" and to develop the basis for global growth in the Mid-term Business Plan, the BANDAI NAMCO Group will pursue two strategies: ***"Focus"*** as our business strategy and ***"Enhance the Entertainment-Hub"*** as our function strategy.

Strategy *A* — *"Focus" = Business Strategy*

Please refer to page 16.

We classify the four business segments* of the Group into ***Dynamic Growth Businesses***, for which we will make proactive investment, and ***Profit Improvement Businesses***, for which we aim at increasing profitability, by clarifying our missions based on the market attractiveness and our competitive advantage in each area.

*: In April 2009, the Game Contents SBU and the Network SBU were convined, resulting in a system of four SBUs.

Dynamic Growth Businesses		Profit Improvement Businesses	
Toys and Hobby	Game Contents	Visual and Music Content	Amusement Facility

Strategy *B* — *"Enhance the Entertainment-Hub" = Function Strategy*

Please refer to page 17.

Evolve from best domestic model to best global model

We will enhance the Entertainment-Hub model, which used to be applied mainly in the domestic market, by evolving into a global model through coordination with strategy for each business.

Evolution A	Evolution B	Evolution C
Strengthen IP creation / acquisition capability	Enhance IP marketing capability	Maximize merchandising development capability

Intellectual property (IP) refers to sources of content, such as characters, values, and ideas.

The BANDAI NAMCO Group's

Mid-term Business Plan

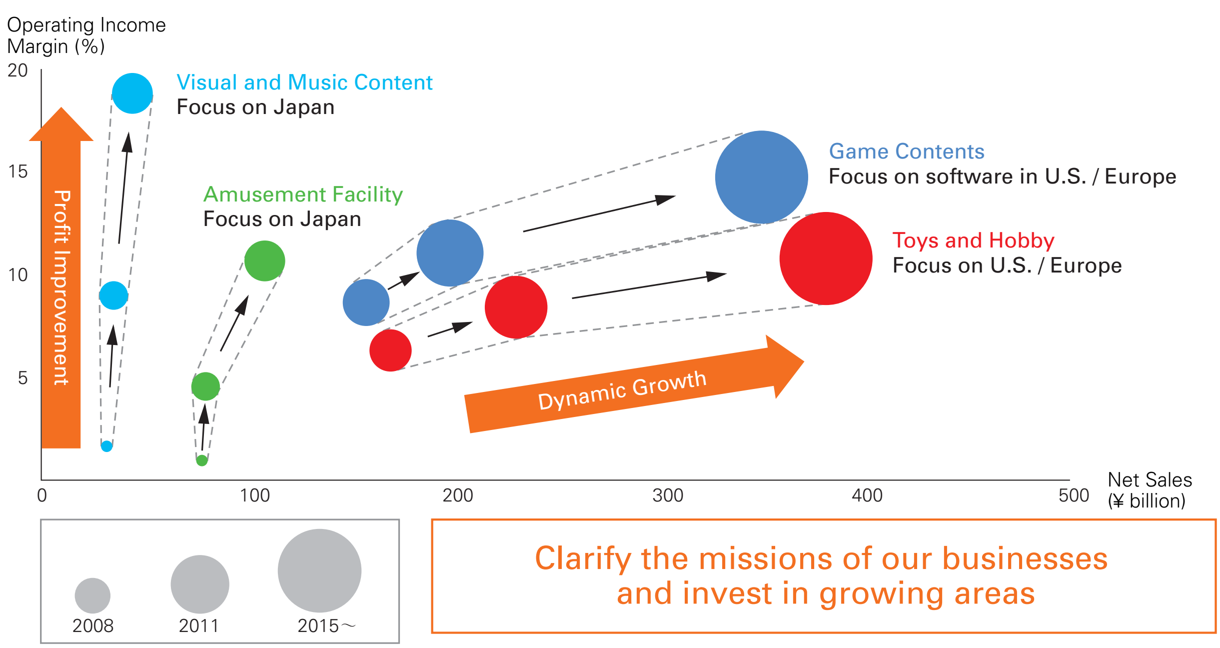
Business Strategy: "Focus"

Under the "focus" business strategy, we clarify the missions of our four business segments based on the market environment and our competitive advantages in each field, and we will concentrate our investment in growth areas. For the Toys and Hobby SBU and the Game Contents SBU, we anticipate large global markets with future growth potential. Thus, we have positioned these two segments as dynamic growth businesses and will invest in them proactively with the objective of generating dynamic growth by taking on new challenges. On the other hand, we have positioned the Visual and Music Content SBU and the Amusement Facility SBU as businesses slated for profit improvement. We will take steps to strengthen the profitability of these segments, centered on the domestic market.

Moreover, targeting global growth, from the profits to be generated by the BANDAI NAMCO Group over the next three years, after subtracting dividends to shareholders, we plan to allocate up to ¥50 billion for medium to long-term up-front investment in dynamic growth businesses. This up-front investment will include about ¥20 billion for bolstering worldwide development and sales systems in the Game Contents SBU, and about ¥30 billion for M&A activities, and for creating, acquiring, and bolstering IP (intellectual property) with the objective of supporting the global development of the Entertainment Hub model, centered on the Toys and Hobby SBU.

	Strategic Business Units	Strategy
Dynamic Growth Businesses	Toys and Hobby	To expand our operations, we will implement proactive up-front investment, centered on the Americas and Europe.
	Game Contents	

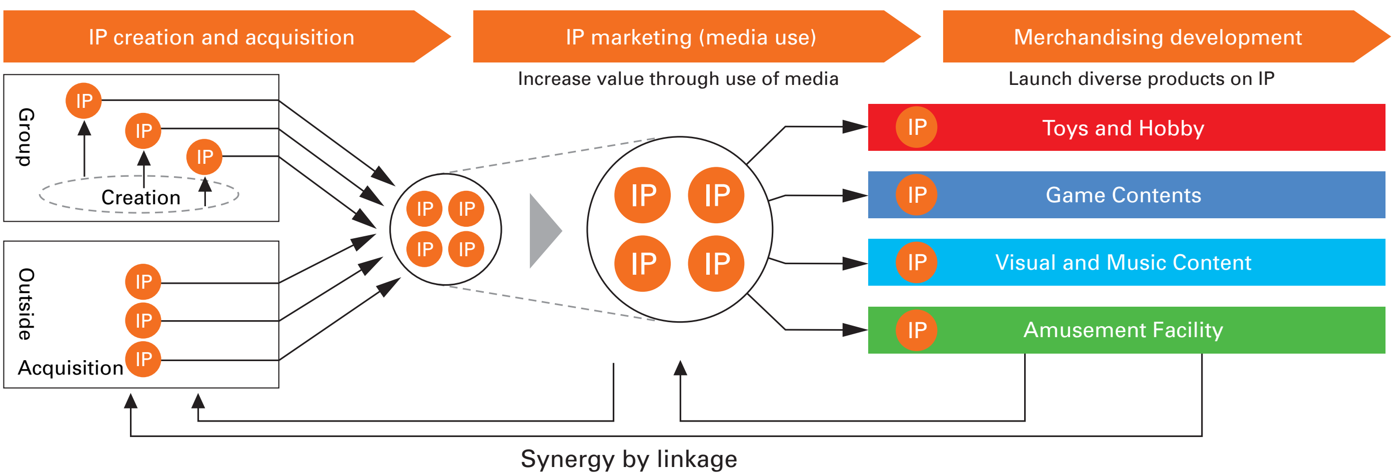
	Strategic Business Units	Strategy
Profit Improvement Businesses	Visual and Music Content	Through a change in our mission and the implementation of selection and concentration initiatives, we will focus on the domestic market and take steps to improve profitability.
	Amusement Facility	



Function Strategy: "Enhance the Entertainment-Hub"

The Entertainment-Hub business model, which entails a series of functions—from content creation and acquisition through development to use of the content—both inside the Group and through synergies with external partners, is the greatest strength of the BANDAI NAMCO Group. In the past, we have principally applied this model in the domestic market. Moving forward, however, we will enhance the Entertainment Hub into a global model through coordination of segment strategies.

●*Business Model Unique to BANDAI NAMCO*



Enhance the model to best global model

IP Creation and Acquisition	• Bolster worldwide studio system for Game Contents business • Reinforce the foundation for the creation of characters by enhancing cooperation with partners, including media companies • Invest in and acquire large-scale content that can be marketed globally
IP Marketing	• Implement simultaneous global content launches through strengthened coordination with TV, movies, and websites in the Americas and Europe in addition to domestic TV and movies
Merchandising Development	• Increase profitability through the lateral expansion of content in terms of regions and business categories
Measures for accelerating the implementation of our strategies	• In the implementation of IP creation and acquisition, IP marketing, and merchandising development across the Group, the leading role will be played by the "Content Business Strategy Meetings," which consist of members from each business unit, and strategies will be implemented as Group initiatives

Intellectual property (IP) refers to sources of content, such as characters, values, and ideas.

Topic

Gundam 30th Anniversary Project

Mobile Suit Gundam has maintained a broad range of support in the 30 years since its first TV broadcast in 1979. In the fiscal year ended March 2009, *Mobile Suit Gundam* was the leading character in terms of net sales, at ¥42.8 billion. *Mobile Suit Gundam* exemplifies the success of the Group's character merchandising.

For the 30th anniversary, we will implement merchandising activities on a Groupwide basis for the *Mobile Suit Gundam* 30th Anniversary Project. As the first step, we built a real-size (18 meter tall) *Gundam* statue. The Group also plans to implement a range of activities, such as sponsorship of commemorative events, music collaboration, and sales of commemorative goods.

Strategic Business Units

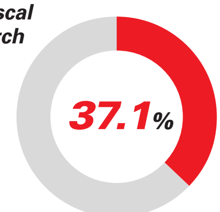
Mid-term Business Strategies

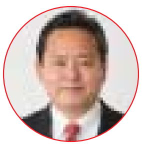
The BANDAI NAMCO Group comprises four SBUs (Strategic Business Units), each of which operates in its own business domain, and the affiliated business companies, which principally provide support to the SBUs. The SBUs coordinate the operating companies, while NAMCO BANDAI Holdings manages and oversees the Group as a whole. Business strategies for Japan and overseas are formulated and implemented by the SBUs, centered on the core companies. Moving forward, under the Mid-term Business Plan's "focus" business strategy, we will clarify the mission of each SBU based on the market environment and our competitive advantages, and we will adjust our investment accordingly.

BANDAI NAMCO Group **At a Glance**

Toys and Hobby

Sales ratio in fiscal year ended March 2009





Core company: Bandai

President and Representative Director:

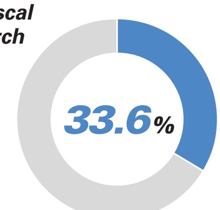
Kazunori Ueno

Business activities

Manufacturing and marketing of toys, candy toys, vending machine capsule products, cards, plastic models, apparel, sundries, and other products

Game Contents

Sales ratio in fiscal year ended March 2009



Core company: NAMCO BANDAI Games

President and Representative Director:

Shin Unozawa

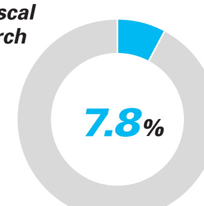
Business activities

Planning, manufacturing, and marketing of game software for home video game consoles and handheld devices; arcade game machines; network content; prizes for amusement machines; and other products

(Note: Because the Game Contents SBU and Network SBU were combined from the fiscal year ending March 2010, results in the fiscal year ended March 2009 are presented as the simple sum of the results of the two businesses.)

Visual and Music Content

Sales ratio in fiscal year ended March 2009



Core company: BANDAI VISUAL

President and Representative Director:

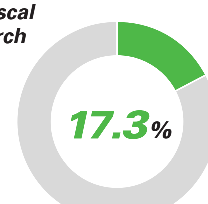
Kazumi Kawashiro

Business activities

Production of visual content; production and sales of packaged visual products, music, and other products; and on-demand video distribution

Amusement Facility

Sales ratio in fiscal year ended March 2009



Core company: NAMCO

President and Representative Director:

Masahiro Tachibana

Business activities

Planning and managing amusement facilities, etc.

Toys and Hobby

We will expand the Character Merchandising model on a global scale, with priority on strengthening operations in the Americas and Europe.

	Results in fiscal year ended March 2009	Forecasts for the fiscal year ending March 2010
Net sales	¥165.7 billion	¥158.0 billion
Operating income	¥11.5 billion	¥9.0 billion
Operating income margin	7.0 %	5.7 %

In the Toys and Hobby SBU, which is positioned as a dynamic growth business, we will work to expand the character merchandising model, which originated in Japan, to markets around the world, and to strengthen its operations in the Americas and Europe. Accordingly, we will bolster cooperation among regions and expand characters, categories, and distribution networks.

The established characters in the *Super Sentai* series are also popular in overseas markets as the *Power Rangers* series.

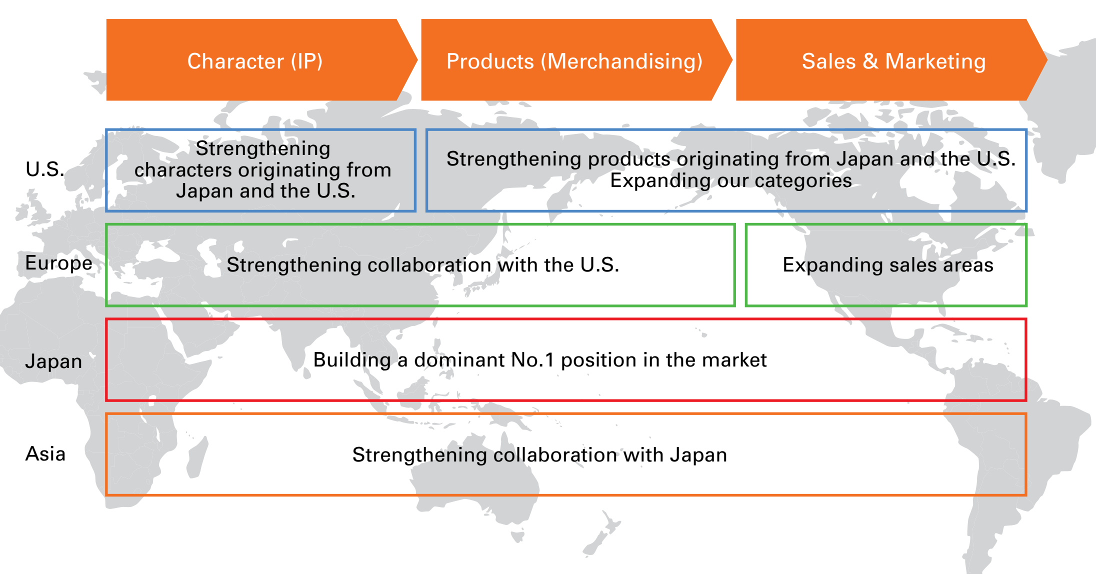
BEN10 has been extended to 37 countries around the world as a character originating from the Americas. In the fiscal year ended March 2009, global sales were ¥13 billion.

Kamen Rider Dragon Knight is currently a popular show in the United States, and the Company will commence full-scale product sales.

Toys and Hobby Global Strategy

By region, in the Americas we will work to strengthen our operations in existing categories in which we are competitive as well as expand our business scope. In addition to making full use of characters originating in Japan, such as *Power Rangers*, we will work cooperatively with local media companies and strengthen development of characters originating in the Americas, such as *BEN10*. From the fiscal year ending March 2010, *Masked Rider was launched* as a new character from Japan. We will start development of *Kamen Rider Dragon Knight* related products, and develop it into an established character like *Power Rangers*. At present, the development of *BEN10* has been extended to more than 37 countries, and we are forecasting *BEN10* sales, including game content, of more than ¥16 billion in the fiscal year ending March 2010. We will also conduct lateral development into new categories, such as toys for pre-school children, dolls, and other products. At the same time, we will strengthen development of products originating in Japan, such as the major hit *Tamagotchi*, and will aggressively introduce unique new products into categories that will match customer needs in the Americas, such as vehicle-related products and other hobby products as well as girls activity products. Furthermore, there

●Dramatically Expand the Character Merchandising Model to the Global Market



are some fields in which we could potentially leverage synergies but in which we have not yet established an operational presence. We will actively consider entering these fields, including through the use of M&As.

In Europe, we will strengthen connections with operations in the Americas and accelerate the local development of content originating in the Americas, such as *BEN10*. Moreover, new products for girls that were developed in Europe will be introduced throughout the European market. In this way, we will expand the category of products for girls. Moreover, as an initiative for expanding sales areas in Europe, we will establish a base in Poland for sales in Eastern Europe. Until now, our sales in Europe have been centered on Western Europe, such as France and the United Kingdom, but in the future we will utilize sales companies to expand our sales area to Central Europe and Eastern Europe. Currently, there are 10 countries in the direct sales system, and we plan to nearly double that number in the future.

The Toys and Hobby SBU has a solid presence in the Japanese market, and we will strive to establish dominant No.1 positions in all categories in which we are active. To that end, we will maintain our No.1 position in categories such as toys for boys, while bolstering our positions in such categories as trading cards, aiming to secure a No.1 ranking. Also, by strengthening cooperation between Japanese operations and other Asian areas, we will accelerate the development of characters originating in Japan.

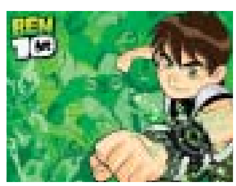
●*Strategy for the United States*

Utilizing characters

Making the most of Japanese characters

+

Strengthening creation of U.S. characters



Utilizing characters to develop new categories

Existing: Action Figure Toys, Trading Cards

New: Girls (Dolls), Pre-school Toys, etc.

Stepping up development of products originating from Japan

Developing unique products of categories popular in the U.S.

Existing: Hit products in Japan (*Tamagotchi, Mugen Pop Pop*)

New: Hobby (Vehicle), Girls (Activity toys), etc.

Entering new businesses

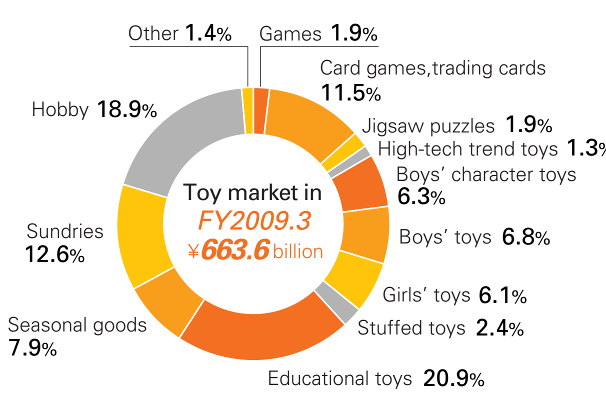
Considering growth initiatives, including M&As

Strengthening our existing competitive advantages and expanding our product categories

●*Sales of Major Characters (Group Total)*

(¥ Billion)	FY2007.3	FY2008.3	FY2009.3
Mobile Suit Gundam series	54.5	50.9	42.8
POWER RANGERS series	32.0	25.4	23.0
Dragon Ball	20.5	17.8	15.8
Masked (Kamen) Rider series	8.7	13.1	10.4
BEN10	2.4	7.0	13.0

Market Data *Size of Japan's Toy Market (FY2009.3)*



Source: Survey by the Japan Toy Association

Since it first went on sale in 1980, the *Mobile Suit Gundam* plastic model series has sold a total of 400 million units.

The *Tamagotchi* series has become an established product for girls in Japan and overseas. The Company plans to start a TV animation in the fiscal year ending March 2010.

The *Battle Spirits* trading card game sold a total of 200 million cards in about seven months after it was launched, and the Company has just started sales in the United States in summer 2009.

Game Contents

The Game Contents SBU will place a special emphasis on game software for home video game consoles in the Americas and Europe, while making full use of our strengths in arcade game machines snd network content.

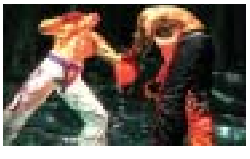
	Results in fiscal year ended March 2009	Forecasts for the fiscal year ending March 2010
Net sales	¥150.3 billion	¥140.0 billion
Operating income	¥11.6 billion	¥5.5 billion
Operating income margin	7.7 %	3.9 %

Note: Because Game Contents SBU and Network SBU were combined from the fiscal year ending March 2010, results in the fiscal year ended March 2009 are presented as the simple sum of the results of the two businesses.

In the Game Contents SBU, which is a dynamic growth business, we will advance our business strategies with consideration for our competitive advantages in each field and for market characteristics. In particular, in game software for home video game consoles, the scale of overseas markets is large in comparison with the domestic market, and strong growth can be expected. Accordingly, we will bolster the development and sales system on a worldwide basis.

Home Game Software

In game software for home video game consoles, we will strengthen development and sales systems, especially in the Americas and Europe. In the past, we have undertaken the global development of products originating in Japan. Moving forward, we will also bolster the global development of products originating in the Americas, boost cooperative initiatives between the Americas and Europe with Japan providing overall coordination, and bolster the product lineup over the medium to long term. Through this new worldwide development system, we will establish a

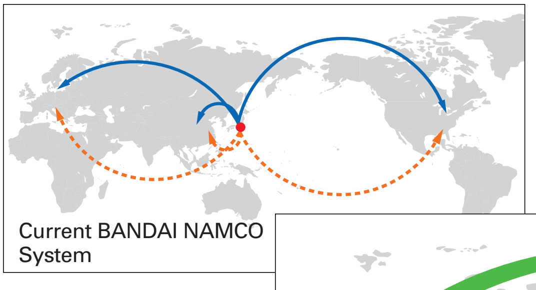


In fall 2009, the Group plans to start worldwide sales of the *Tekken 6* home video game software, for three platforms.

The *Family Series* for the Wii has sold more than one million units in Japan and overseas and is on the way to becoming an established series for casual users.

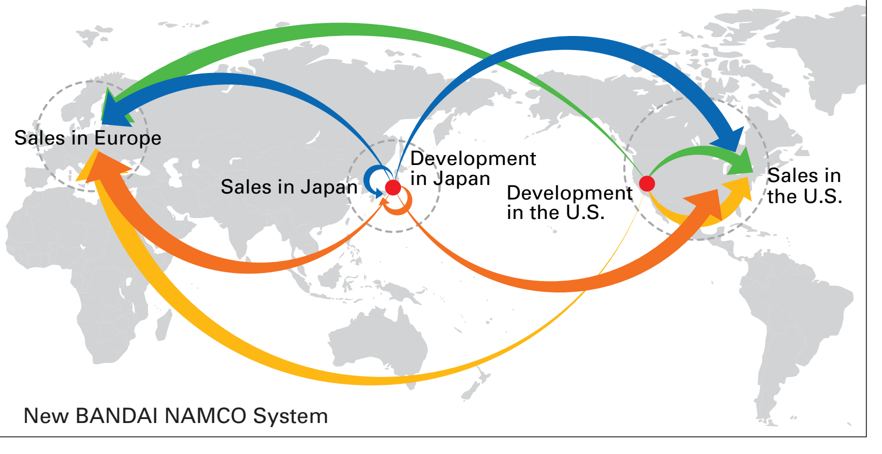
Mobile Suit Gundam: Senjo no Kizuna, a cockpit style arcade game, is a popular product that has been available since 2006.

● *Worldwide Development System*



Developed in Japan Core target
Developed in the U.S. Core target
Developed in Japan Casual target
Developed in the U.S. Casual target
Worldwide studio

Worldwide extension of Japanese and U.S. development capabilities



framework for investment recovery worldwide while maintaining a balance between software for core users and software for casual users.

In development, with comprehensive consideration for market characteristics and our own competitive advantages, we will aggressively develop products in eight genres—fight, flight, and animation/action, which are in the general progress category; music and action (including game characters), which are in the revitalization category; and racing, core action, and shooting, which are in the new development category. In the general progress category, we will focus on further advances, centered on strong franchise titles—such as *Soul Caliber* in the fight genre, *Ace Combat* in flight; and *Dragonball* in animation/action. In the revitalization category, by strengthening development in accordance with preferences in the Americas and Europe, such as *Family Series* for the Wii, we will leverage our presence in rapidly growing markets. In the new development category, we will apply existing technical and planning capabilities to the development of new franchises, such as *Afro Samurai*, a core action game. At the same time, we will collaborate with other companies and develop new game engines. In addition, we will strategically allocate management resources on a five-year timeframe and introduce a portfolio map for the purpose of thoroughly bolstering scheduling capabilities in global markets. Based on the portfolio map, we will take steps to reinforce competitive advantages and efficiently recover investment by standardizing development and screening processes and aligning sales and development strategies.

Also, as one facet of M&A strategies targeting stronger operations in the Americas and Europe, we have made D3 INC. a wholly owned subsidiary. D3 has special strengths in game software for home video game consoles and casual games for mobile devices. Through the combination of D3's know-how in casual games and the BANDAI NAMCO Group's content, we will display synergistic effects, such as strengthening our operations in the general progress and revitalization categories.

Furthermore, with the objective of expanding our sales area, we have made NAMCO BANDAI Partners S.A.S., a game software sales company in Europe, a wholly owned subsidiary. As a result, we have greater independence in the implementation of marketing and sales strategies in Europe, and we have expanded our sales area to 10 bases covering 20 countries. In this way, we have built a system that covers more than half of the major countries.

On the other hand, in Japan, we will maintain our third-party No.1 market share, while aiming to improve profitability by focusing on strategic titles.

TANK! TANK! TANK! is a force-feedback battle game scheduled for introduction in fall 2009.

In content for mobile phones, the Game Contents SBU aims to leverage further synergies stemming from the integration with the Network SBU.

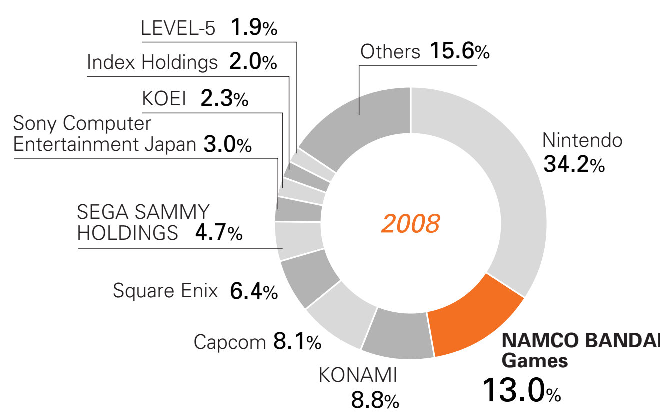
Leveraging Group know-how, we provide character prizes for arcade machines.

● *Unit Sales of Home Game Software by Region*

	FY2008.3		FY2009.3	
	Number of titles	Unit sales (Thousand)	Number of titles	Unit sales (Thousand)
Japan	89	11,752	74	10,443
U.S.	26	5,019	19	6,115
Europe	20	6,908	20	6,195
Asia	11	535	13	632
Overseas Total	57	12,462	52	12,942
Group Total	**146**	**24,214**	**126**	**23,385**
Localized versions	59		57	
Group total after elimination of localized versions	87	24,214	69	23,385

Market Data

Share of Unit Sales by Group, Domestic Manufactures



Source: *Famitsu Game White Paper 2009*
Published by: ENTERBRAIN INC. (Period: December 31, 2007 to December 28, 2008)

Arcade Game Machines / Network Content

The sluggish business conditions faced by the amusement facility industry influenced our arcade game machine operations, and moving forward, we will focus resources on the development of high-value-added machines that can be enjoyed only in amusement facilities. Also, in addition to bolstering our development capabilities in line with next-generation needs, such as online functionality, we will also contribute to the activation of amusement facilities by implementing lateral development into Asia. In network content, we will work to leverage synergies resulting from the integration with the Network SBU.

Visual and Music Content

We will improve profitability through the establishment of an optimal IP portfolio and investment recovery from a global perspective.

	Results in fiscal year ended March 2009	Forecasts for the fiscal year ending March 2010
Net sales	¥34.6 billion	¥34.0 billion
Operating income	¥0 billion	¥1.5 billion
Operating income margin	0.1 %	4.4 %

In the Visual and Music Content SBU, which is slated for profit improvement, the domestic packaged animation market is medium sized, but the "between seasons" transition period accompanying the shift to next-generation hardware is ongoing, and accompanying the trend toward increasingly advanced hardware, profitability in the software business is declining. In this environment, we will focus on improving profitability and on creating appealing content, which is the foundation of the Group's business in this field. We will also build a next-generation business model that is aligned with changes in the environment.

In regard to *Mobile Suit Gundam Unicorn*, scheduled for a spring 2010 introduction, we will take on the challenge of new initiatives, such as theater screenings and simultaneous worldwide distribution.

In addition to animation products, we have also participated in the production of multiple live-action films that have been highly regarded.

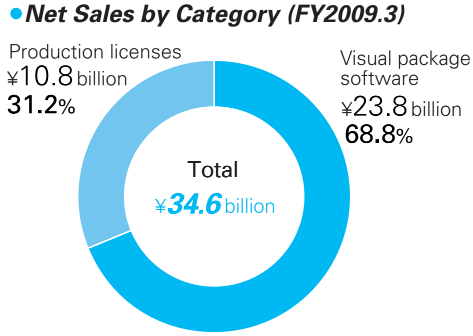
We provide music content related to animations and game software.

In the domestic market, packaged animation products are recording steady results, but total sales of video game software have declined to about three-quarters of the level reached in 2004, when sales peaked. This is an indication that Blu-ray Disc hardware, which was launched as next-generation hardware, has not yet widely penetrated the market, while sales of DVD products have declined. Accompanying the shift to terrestrial digital broadcasting in 2011, the transition to Blu-ray Discs is expected to make gradual progress, but for the time being, the future course of the market environment is unclear.

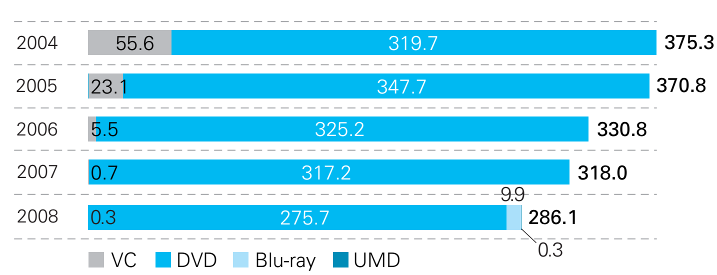
Moving forward, we will take a thorough approach to portfolio management, under which we will manage content for core users, who place a high priority on image quality, and wide-ranging content for families, as well as in-house content and content from other companies. We will strive to allocate resources strategically and efficiently in the creation and acquisition of content. We will streamline titles to meet needs in a timely manner, and will take steps to improve profitability. At the same time, we will strive to enhance investment recovery through a global viewpoint that leverages the distinctive characteristic of Blu-ray Discs, which can be released in a region-free format. In these ways, we will endeavor to enhance profitability.

Moreover, targeting the enhancement of the Entertainment-Hub model, we will bolster the content creation function, which is the source of the Group's business. We have decided to create a new animation, *Mobile Suit Gundam UC (Unicorn)*. We plan to conduct such activities as theater screenings, packaged product sales, and on-demand distribution, and to implement simultaneous worldwide development in multiple languages. In the future, we will move forward with the establishment of a new business model through this type of global development.

● Net Sales by Category (FY2009.3)



Market Data **Sales of Video Content** (¥ billion)



Source: JVA Report 2008.4 Published by: *JAPAN VIDEO SOFTWARE ASSOCIATION*

Amusement Facility

We will improve profitability through selection and concentration and develop differentiated amusement facilities.

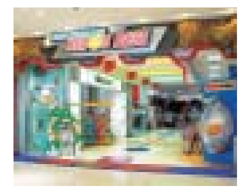
	Results in fiscal year ended March 2009	Forecasts for the fiscal year ending March 2010
Net sales	¥77.3 billion	¥70.0 billion
Operating income	¥0.4 billion	¥1.5 billion
Operating income margin	0.5 %	2.1 %

The Amusement Facility SBU is slated for profit improvement. In an operating environment that has been affected by the difficult economic conditions, we will work to improve profits by advancing selection and concentration initiatives in operations and by increasing efficiency. We will also leverage our distinctive know-how, such as character merchandising, in developing differentiated amusement facilities.

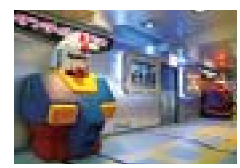
In the fiscal year ended March 2009, sales at existing facilities in the domestic market were down 13.3% due to sluggish consumer spending, and operating conditions were extremely challenging. In this environment, we took steps to reduce costs. We closed 63 facilities, about 20% of our domestic facilities, and at the same time we implemented selection and concentration initiatives in capital investment and introduced an early retirement program for employees.

Moving forward, we will endeavor to bolster profitability through selection and concentration initiatives, continue to step up the pace of scrap-and-build initiatives through rigorous store profit management, and implement efficient management. At the same time, we will bolster marketing in line with the needs of each customer segment. At amusement facilities in shopping centers, where many customers are in family groups, we will implement campaigns linked to characters and will draw on the distinctive strengths of the BANDAI NAMCO Group to leverage facilities integrated with characters. In these ways, we will differentiate our operations. On the other hand, at facilities that are on shopping streets or roadsides, we will implement store development centered on product lineups targeting core fans, implement game tournaments, and work to promote repeat visits by issuing point cards. To advance these strategies, NAMCO's organization has been changed from a regional store management system to a system based on store format. In addition, by bolstering the planning department, we will focus our resources on the opening of differentiated facilities that leverage the know-how of the Group and offer distinctive competitive advantages.

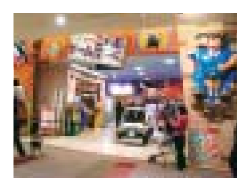
Overseas, meanwhile, we will advance efficiency in the Americas by closing directly operated facilities and consolidating revenue-sharing facilities on a regional basis. We will also withdraw from Spain. In these ways, we will rebuild our business model.



NAMCO Wonder Park Hero's Base is an amusement facility that leverages the distinctive know-how of the BANDAI NAMCO Group.



We opened *Wonder Park Plus* in Hong Kong in 2008.



At *Kochikame Game Park*, visitors can experience the worlds of popular characters.

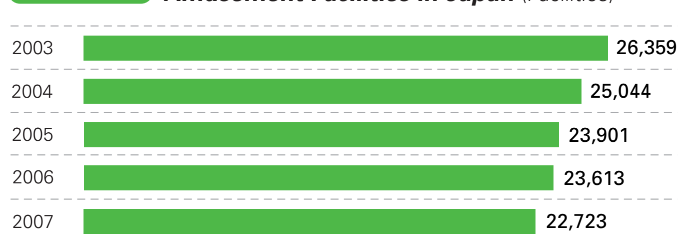
● *Number of Facilities at the End of 2009.3 (Total for Amusement Facility SBU)*

(Facilities)

Region	Regional total	of which: Directly managed facilities	Revenue-sharing facilities*	Theme parks	Spa facilities
Japan	270	240	23	4	3
Americas	1,146	58	1,088	0	0
Europe	14	12	2	0	0
Asia	28	12	16	0	0
Total	1,458	322	1,129	4	3

* Revenue-sharing facilities: Revenues from the operation of arcade game machines are shared with operators.

Market Data ***Amusement Facilities in Japan*** (Facilities)



Source: Fact-Finding Survey of the Amusement Machinery Industry 2007, Published by JAIA

Corporate **Governance**

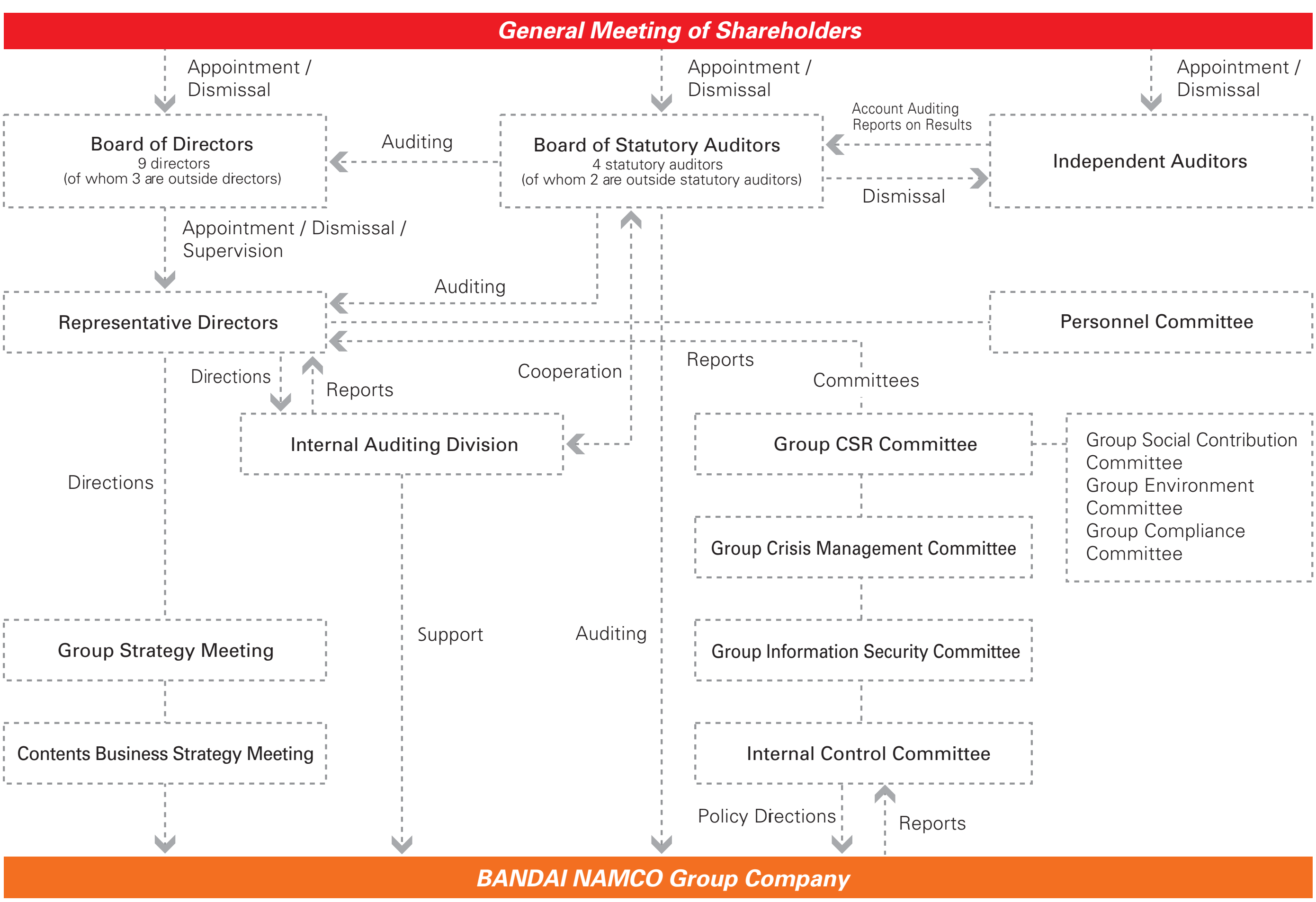
Our highest management priority is the provision of benefits to all of our stakeholders, who support our business activities. We believe that to achieve ongoing growth in enterprise value over the long term, the continuous enhancement of corporate governance is an important management issue. The Group aims to be a corporate group that is trusted by society and that makes an ongoing contribution to society. While striving to raise management soundness, transparency, and efficiency, we will build a corporate governance system that facilitates rapid information disclosure.

Corporate Governance System

From April 2009, the Group has moved to a system of two representative directors. As a result, the Group has further strengthened its corporate governance system. To further clarify the separation of the management function and the execution function, we will strengthen the executive officer system. Basically the presidents of the core company in each SBU, who previously were directors of the Company, will now focus on operational advancement as senior executive officers. Also, with the objective of bolstering overseas operations, the regional heads in the Americas, Europe, and Asia will become executive officers.

The number of directors has been reduced from 11 to 9, and the number of outside directors has been increased from 2 to 3. In this way, one-third of all directors are outside directors, and the management oversight function has been enhanced. Also, to respond rapidly to changes in the management environment and to clarify further the responsibilities of directors, the term of office of directors has been set at one year.

The Company uses the statutory auditor system. There are four auditors—two outside statutory auditors and two full-time statutory auditors. In accordance with the allocation of responsibilities as determined by the Board of Auditors, each statutory auditor conducts audits, working with the independent auditors as needed.



As of June 22,2009

Meeting Name	Schedule	Agenda / Purpose	Participants
Board of Directors	Monthly and otherwise as needed	Resolutions and reports on matters prescribed by the Company Law. Resolutions, deliberations, and reports on matters related to the BANDAI NAMCO Group.	Directors, statutory auditors
Group Strategy Committee	Monthly	Reports on BANDAI NAMCO Group business affairs and deliberations on business issues and problems.	Directors, statutory auditors, SBU representatives, others
Waigaya Meeting	Weekly	Weekly reports on divisions supervised by NAMCO BANDAI Holdings' directors.	Full-time directors, others

The Internal Auditing Division rigorously audits business execution, while the independent auditors provide account auditing. With close interaction centered on the statutory auditors, the Company's internal control systems are continually monitored, and all issues are identified and understood and recommendations for resolving those issues are provided.

As shown in the table above, the Company holds a variety of top management meetings and has established a system that facilitates rapidly tracking and responding to Group management information.

The Group comprises four strategic business units (SBUs) as well as affiliated business companies, which principally provide support services within the Group. In each SBU, operating strategies for Japan and overseas are formulated and implemented, with the lead role taken by the SBU's core company. The Company, which is a holding company, monitors each SBU; holds meetings of Groupwide committees, such as the Group Strategy Meeting and the Group CSR Committee; and formulates strategies for the Group as a whole.

Compliance

As "The Leading Innovator in Global Entertainment," the BANDAI NAMCO Group has clarified its thinking on compliance and takes steps to make its Group companies fully aware of these thoughts. To audit and supervise important matters related to the entire Group's compliance, the Group Compliance Committee, which is led by the President and CEO of NAMCO BANDAI Holdings, meets on a regular basis. We have established a system to prevent violations of laws and regulations and to ensure prompt action in the event of any incidents that could be a legal or regulatory violation.

Based on the recognition that important components of a company's mission include strict compliance with the laws in every country and region where it does business and the pursuit of profit through fair competition, in April 2007, we formulated the BANDAI NAMCO Group Compliance Charter, and we announced the BANDAI NAMCO Group Declaration of Compliance in line with that charter.

In the fiscal year ended March 2009, e-learning training based on the BANDAI NAMCO Group Compliance Charter was implemented twice for all Group employees. In addition, Group companies also conducted their own compliance training. We will continue to conduct training on a regular basis in order to foster an awareness of compliance and further enhance legal knowledge.

Risk Management

Recognizing the importance of risk management for the continuity of sound business operations, the BANDAI NAMCO Group has formulated the Group Crisis Management Regulations as guidelines for the actions to be taken by each officer or employee when a crisis occurs. Moreover, we have established the Group Crisis Management Committee, which is chaired by the President and CEO of NAMCO BANDAI Holdings. This committee works to identify risks, to prevent the risks from materializing, and to respond promptly in the event of a crisis. Moving forward, we will strengthen our risk management system to ensure that we can correctly identify the social trends of the times and implement prompt and appropriate responses to a range of management risks.

The ***BANDAI NAMCO Group's CSR Initiatives***

The BANDAI NAMCO Group's corporate philosophy is to provide "Dreams, Fun and Inspiration" to people around the world through entertainment based on creativity and boundless enthusiasm. To ensure that we can continue to provide "Dreams, Fun and Inspiration," we have formulated Groupwide CSR initiatives that include three types of responsibilities.

In accordance with these fundamental principles, a range of measures are implemented by the Groupwide Group CSR Committee and its sub-committees—the Group Social Contribution Committee, the Group Environment Committee and the Group Compliance Committee—as well as by the Group Crisis Management Committee, Group Information Security Committee and Internal Control Committee.

1

Environmental and Social Responsibilities
(safety / quality, environmental conservation, cultural / social support activities)

Environmental and Social Responsibilities
(safety / quality, environmental conservation, cultural / social support activities)

• Safety / quality initiatives
We follow industry standards and in-house standards, and we have built a system that facilitates the achievement of higher levels of safety and quality, so that customers can use our products with confidence.

• Environmental conservation initiatives
We are aggressively implementing forward-looking environmental conservation measures to ensure that we can continue to provide "Dreams, Fun and Inspiration" to people around the world.

• Cultural / social support activities
We are also active in areas outside the provision of products and services, such as museum operations and volunteer activities.

2

Economic Responsibilities

Economic Responsibilities
We are continually working to enhance management transparency and monitoring the management plans and conditions of Group companies. Moreover, we are working to provide maximum returns to society and stakeholders by selecting the optimal operational fields for Group development and focusing our management resources on those fields.

3

Legal and Ethical Responsibilities
(compliance)

Legal and Ethical Responsibilities
(compliance)
We have formulated basic compliance standards for Group companies, officers, and employees in Japan and overseas, and we conduct continual monitoring to ensure appropriate observance of legal and ethical standards.

Topics

"BANDAI NAMCO Forest" at Shiga Kogen

"BANDAI NAMCO Forest" at Shiga Kogen

The BANDAI NAMCO Group signed a "forest adoption agreement" with a forest support foundation in Nagano Prefecture. Under the terms of the adoption, the BANDAI NAMCO Group will provide support for forest management activities at the 47-hectare "BANDAI NAMCO Forest" at Shiga Kogen and work to help foster a deeper understanding of forest conservation issues.

Manufacture of safe, reliable products

Dropping products to test for quality

In a range of business fields, we follow all legal and industry quality and safety standards. We have also established our own more-rigorous in-house standards, and we pay careful attention to safety. In implementing quality inspections for toys, for example, we have established more than 300 inspection items and conduct rigorous tests in accordance with the individual characteristics of the products.

Product raw materials and packaging and wrapping initiatives

Example of packaging-free products

We are implementing measures to reduce packaging, such as decreasing packaging space ratios, developing packaging-free products, using packaging that utilizes low-environmental-impact materials, reducing plastic model runners, and reducing packaging materials for amusement machines.

Wide-ranging environmental impact reduction activities

Bandai Hobby Center (plastic model plant)

We are taking steps–such as the use of solar power generation and raw material recycling–to make our plastic model plant in Shizuoka City the first plant in the domestic toy industry to receive green certification. Moreover, BANDAI LOGIPAL has acquired Green Management Certification, which is given to transportation companies that implement low-environmental-impact operations.

Social contribution activities

Omocha-no-Machi Bandai Museum

We are conducting a variety of activities to promote a deeper understanding of culture, science, and entertainment. These include the Omocha-no-Machi Bandai Museum in Tochigi Prefecture, which has a collection that includes toys from Japan and overseas as well as many items created by the famous inventor Thomas Edison. We also provide support for the New Technology Foundation and Toy Library Foundation.

Barrier-free entertainment

NAMCO's *TalkingAid Light*

We are conducting activities targeting the integration of entertainment and well-being. For example, we developed *TalkingAid Light*, which is a mobile device for people who have difficulty with conversations, reading, or writing, and machines that combine entertainment with rehabilitation. We also operate day service centers to help senior citizens be active in mind and body.

Expanding employment opportunities for people with disabilities

At the BANDAI NAMCO Group, we are working to expand employment of people with disabilities. In March 2006, we established NAMCO BANDAI Will Co., Ltd., with the objective of employing people with disabilities. In May, NAMCO BANDAI Will was certified as a special subsidiary as stipulated by Japan's Law for Employment, Promotion, etc., of the Disabled, and employees of NAMCO BANDAI Will are regarded as being employed by the Group as a whole. With consideration for the characteristics of the Group's operations and the skills and motivations of people with disabilities, we are working to expand the range of work for people employed by NAMCO BANDAI Will.

Initiatives to motivate and support human resources

BANDAI NAMCO Group Creative Awards

The BANDAI NAMCO Group is implementing a range of initiatives regarding the motivation and support of human resources. We have a system of awards to recognize products and business models that contribute to increasing Group value from a variety of viewpoints, such as sales, profit, topicality, and newness. Other initiatives include active exchanges of human resources among Group companies and entertainment training. In these ways, we will continue working to promote dynamic corporate activities.

Overview *of Main Group Companies*

As of August 1, 2009

NAMCO BANDAI Holdings Inc.	Planning and execution of medium- and long-term management strategies; provision of support for business strategy implementation by Group companies (Tokyo Stock Exchange, First Section)
NAMCO BANDAI Holdings (USA) Inc.	Execution of North American regional strategy; management support for North American operating companies
NAMCO Holdings UK LTD.	Execution of European regional strategy; management support for European operating companies

Toys and Hobby Strategic Business Unit

Bandai Co., Ltd.	Planning, production, and sales of toys, apparel, and vending machine products, etc.
Megahouse Corporation	Planning, manufacturing, and sales of toys, etc.
CCP Co., Ltd.	Planning, development, manufacturing, and sales of toys, hobby commodities, and home electric appliances
Seeds Co., Ltd.	Manufacturing of toys, etc.
Plex Co., Ltd.	Planning and designing of character-based products
People Co., Ltd.*	Planning, manufacturing, and sales of toys for infants (JASDAQ)
Sun-Star Stationery Co., Ltd.*	Planning, production and sales of stationery, sundries, and other products
BANDAI AMERICA INCORPORATED	Sales of toy-related products
BANDAI S.A.	Regional management functions; sales of toy-related products
BANDAI U.K. LTD.	Sales of toy-related products
BANDAI ESPAÑA S.A.	Sales of toy-related products
BANDAI (H.K.) CO., LTD.	Regional management functions; import, export, manufacturing, and sales of toy-related products
BANDAI ASIA CO., LTD.	Sales of toy-related products
BANDAI INDUSTRIAL CO., LTD.	Manufacturing of toy-related products
BANDAI (SHENZHEN) CO., LTD.	Quality assurance and quality control operations, and factory inspections for trading partners
BANDAI (GUANGZHOU) CO., LTD.	Planning and sales of toy-related products
BANDAI KOREA CO., LTD.	Manufacturing, import, and sales of toys, etc., and licensing operations
CREATIVE B WORKS CO., LTD.	Sales of toy-related products

Game Contents Strategic Business Unit

NAMCO BANDAI Games Inc.	Planning, development, and sales of game software and arcade machines, etc.
Banpresto Co., Ltd.	Planning, development, and sales of prizes for arcade machines
D3 INC.	Planning, development, and sales of game software (Management of its subsidiaries)
VIBE Inc.	Development and provision of network content
Bec Co., Ltd.	Planning and development of game software
Banpresoft Co., Ltd.	Planning, development, and sales of game software
NAMCO TALES STUDIO LTD.	Planning, development, and sales of game software
Banpresto Sales Co., Ltd.	Sales of arcade machines and prizes, etc.
NAMCO TRADING LTD.	Purchase and sales of used arcade game machines; installation and management of vending machines; distribution of mobile content
NAMCO BANDAI Games America Inc.	Planning, development, and sales of game software
NAMCO AMERICA INC.	Sales of arcade machines
NAMCO NETWORKS AMERICA INC.	Development and distribution of network contents

*Companies accounted for by the equity method

NAMCO BANDAI Games Europe S.A.S.	Sales and marketing of game software
NAMCO EUROPE LTD.	Sales of arcade machines
NAMCO BANDAI Networks Europe LTD.	Development and distribution of network contents
NAMCO BANDAI Partners S.A.S.	Management of its sales subsidiaries
BANPRESTO (H.K.) LTD.	Manufacturing and production management of arcade machines and prizes

Visual and Music Content Strategic Business Unit

BANDAI VISUAL CO., LTD.	Planning, production, and sales of visual software, etc.
Sunrise Inc.	Planning and production of animation for TV and theatrical release, management and administration of copyrights
Bandai Channel Co., Ltd.	On-demand delivery of content, such as animation
EMOTION CO., LTD.	Planning and development of visual products
SUNRISE MUSIC Publishing Co., Ltd.	Production of music for animation produced by Sunrise; overall management of music publishing and master recording rights
Lantis Co., Ltd.	Planning, manufacturing, sales, and management of musical content
BANDAI ENTERTAINMENT INC.	Planning, manufacturing, sales, and copyright management of visual content
BEEZ ENTERTAINMENT S.A.S.	Production and sales of visual programming and movies; video and DVD sales; copyright management

Amusement Facility Strategic Business Unit

NAMCO LIMITED	Planning and operation of amusement facilities
Pleasure Cast Co., Ltd.	Planning and operation of amusement facilities
Hanayashiki Co., Ltd.	Planning and operation of Asakusa Hanayashiki amusement park
NAMCO SPA RESORT LTD.	Planning and operation of spa facilities
NAMCO CYBERTAINMENT INC.	Planning and operation of amusement facilities in America
NAMCO OPERATIONS EUROPE LTD.	Overall responsibility for amusement facility operations in Europe and planning and operation of amusement facilities in the U.K.
BOWLING STATION S.L.	Planning and managing of amusement facilities in Spain
NAMCO ENTERPRISES ASIA LTD.	Planning and operation of amusement facilities in Hong Kong
SHANGHAI NAMCO LTD.*	Planning and operation of amusement facilities in China

Affiliated Business Companies

BANDAI LOGIPAL INC.	Cargo trucking operations, logistics management, etc.
LOGIPAL EXPRESS INC.	Transportation, distribution, warehousing, etc.
NAMCO BANDAI Business Services Inc.	Support of Group operations and administration, etc.
Artpresto Co., Ltd.	Planning and designing of various printed materials
Happinet Corporation*	Wholesale of toys and video game consoles (Tokyo Stock Exchange, First Section)
Sotsu Co., Ltd.*	Planning and development of advertising and copyright business (JASDAQ)
Italian Tomato Ltd.*	Management of directly operated restaurants; franchise operations

Directors and *Corporate Auditors*

As of June 22, 2009


Chairman, Representative Director
Takeo Takasu


President and CEO, Representative Director
Shukuo Ishikawa


Director
Jun Higashi


Director
Shuji Ohtsu


Director
Yusuke Fukuda


Director (Part-time)
Kazunori Ueno


Director (Outside)
Masatake Yone


Director (Outside)
Kazuo Ichijo


Director (Outside)
Manabu Tazaki

Statutory Auditor (Full-time) **Koichiro Honma**

Statutory Auditor (Full-time) **Katsutoshi Hirasawa**

Statutory Auditor (Outside) **Osamu Sudo**

Statutory Auditor (Outside) **Kouji Yanase**

Financial Section

Contents

Consolidated **Six-Year Financial Summary**

NAMCO BANDAI Holdings Inc. and Consolidated Subsidiaries

Millions of yen, except per share data and main financial indicators

For the years ended March 31		2004*1	2005*1	2006	2007	2008	2009
				NAMCO BANDAI Holdings Inc. (Consolidated)	NAMCO BANDAI Holdings Inc. (Consolidated)	NAMCO BANDAI Holdings Inc. (Consolidated)	NAMCO BANDAI Holdings Inc. (Consolidated)
For the Year:							
Net sales	BANDAI	¥263,175	¥269,946	¥450,829	¥459,133	¥460,474	¥426,400
	NAMCO	¥172,594	¥178,552				
Gross profit	BANDAI	116,258	116,801	156,565	168,080	164,073	146,023
	NAMCO	49,088	47,555				
Selling, general and administrative expenses	BANDAI	88,607	92,403	120,896	125,856	130,662	123,675
	NAMCO	33,658	32,469				
Operating income	BANDAI	27,651	24,398	35,669	42,224	33,411	22,348
	NAMCO	15,430	15,086				
Recurring income*2	BANDAI	27,222	25,724	37,122	45,616	36,198	24,513
	NAMCO	14,428	14,589				
Net income	BANDAI	14,207	11,225	14,150	24,252	32,679	11,830
	NAMCO	7,546	9,465				
Capital expenditures	BANDAI	11,576	11,539	24,020	27,925	34,115	17,481
	NAMCO	14,009	13,155				
Depreciation	BANDAI	7,149	7,947	19,144	21,201	24,759	22,546
	NAMCO	11,104	11,173				
Cash flows from operating activities	BANDAI	20,033	14,839	31,809	42,493	35,000	19,301
	NAMCO	12,931	3,172				
At Year-End:							
Total assets	BANDAI	¥228,076	¥240,290	¥386,651	¥408,490	¥413,023	¥363,445
	NAMCO	¥148,117	¥154,474				
Total current assets	BANDAI	163,131	173,402	240,635	257,209	267,713	230,086
	NAMCO	73,614	82,666				
Total current liabilities	BANDAI	61,319	68,862	107,528	110,829	101,649	84,304
	NAMCO	33,860	33,219				
Total net assets	BANDAI	137,739	150,410	252,244	284,254	289,944	260,579
	NAMCO	104,619	110,935				
Per Share Data (yen):							
Net income per share (basic)	BANDAI	¥142.28	¥111.13	¥54.39	¥95.73	¥128.65	¥47.95
	NAMCO	¥133.00	¥ 83.63				
Cash dividends	BANDAI	22.50	30.00	12.00*6	28.00	24.00	24.00
	NAMCO	40.00	40.00				
Main Financial Indicators (%):							
Return on equity (ROE)*3, 5	BANDAI	12.0%	8.9%	5.8%	9.4%	11.7%	4.3%
	NAMCO	7.6%	9.0%				
Return on assets (ROA)*4, 5	BANDAI	12.0	11.0	9.6	11.5	8.8	6.3
	NAMCO	9.9	9.6				
Selling, general and administrative expenses to net sales	BANDAI	33.7	34.2	26.8	27.4	28.4	29.0
	NAMCO	19.5	18.2				
Operating income to net sales	BANDAI	10.5	9.0	7.9	9.2	7.3	5.2
	NAMCO	8.9	8.4				
Net income to net sales	BANDAI	5.4	4.2	3.1	5.3	7.1	2.8
	NAMCO	4.4	5.3				
Shareholders' equity ratio	BANDAI	53.1	54.8	63.0	67.1	69.4	70.9
	NAMCO	68.7	69.8				
Debt/equity ratio	BANDAI	21.1	21.4	13.5	5.1	5.8	8.3
	NAMCO	6.7	6.7				

*1 Figures for FY2004.3 to FY2005.3 are the consolidated figures for Bandai and NAMCO prior to the management integration.
*2 Recurring income is a Japanese accounting term denoting income before extraordinary items.
*3 ROE = Net income / Average total shareholders' equity (= Net assets – Stock subscription rights – Minority interests)
*4 ROA = Recurring income / Average total assets
*5 Figures for shareholders' equity and total assets as of March 31, 2006, are used in calculating ROE and ROA for the fiscal year ended March 31, 2006.
*6 In lieu of interim dividends, share transfer payments of ¥18 per share were paid to shareholders of Bandai and ¥12 were paid to shareholders of NAMCO.

Financial Review

Overview of Performance in the Fiscal Year Ended March 31, 2009

The economic environment in this fiscal year saw the disarray in the U.S. financial markets arising from the subprime loan issues which evolved into a global financial crisis, with reduced individual consumption worldwide and employment instability due to the rapid declining of the business performance developing into a social problem. In addition, reduced consumption had substantial impact on the entertainment industry, causing continued uncertainty in the industry as a whole.

In such environment, the BANDAI NAMCO Group ("the Group") continued to push ahead with strengthening, enriching, and expanding its portfolio management in the third and final year of the three-year Mid-term Business Plan implemented in April 2006.

On the business front, in this difficult market environment, boys' toys based on popular characters in both Japan and abroad performed well in the Toys and Hobby Business. In the Game Contents Business, popular home video game software titles made a positive contribution to performance overseas. The decline in individual consumption, however, kept performance sluggish as a whole and below the levels of the previous fiscal year. On the expenses front, the Group recorded, among other things, amortization of goodwill resulting from Bandai Visual Co., Ltd. and Bandai Networks Co., Ltd. having been made wholly owned subsidiaries during the previous fiscal year, loss on valuation of investment securities, and impairment loss on amusement facilities.

Net Sales

The Company reported consolidated net sales of ¥426,400 million, a year-on-year decrease of 7.4%. By region, sales in the domestic market were ¥333,534 million, down 7.5%. Overseas, sales were ¥50,934 million in the Americas, down 6.7%; ¥45,021 million in Europe, a decline of 3.0%; and ¥37,377 million in Asia, a decrease of 1.5%.

Cost of Sales

Cost of sales was ¥280,377 million, and the ratio of cost of sales to net sales increased to 65.8%, from 64.4% a year earlier. As a result, gross profit was ¥146,023 million, and the gross margin declined to 34.2%, from 35.6% in the previous year.

SG&A Expenses

Selling, general and administrative (SG&A) expenses were ¥123,675 million, down 5.3%, and the ratio of SG&A expenses to net sales increased to 29.0%, from 28.4% in the previous year. Principal items included marketing of ¥28,410 million, directors' remuneration and employees' wages of ¥27,992 million, retirement and severance benefits of ¥1,247 million, and research and development of ¥17,512 million.

Operating Income

Operating income was ¥22,348 million, a decrease of 33.1%, and the operating margin fell from 7.3% in the previous year to 5.2%. By region, operating income declined 35.2% in Japan, to ¥15,863 million; fell 62.3% in the Americas, to ¥874 million; decreased 8.5% in Europe, to ¥6,248 million; and declined 19.8% in Asia, to ¥2,289 million. Eliminations totaled ¥2,926 million.

Other Income (Loss)

In other income, loss on impairment of fixed assets declined, but gain (loss) on sales and disposal of fixed assets, net, which was ¥16,105 million in the previous fiscal year, was not recorded in the year under review. In addition, loss on valuation of investment securities increased. As a result, other loss was ¥1,223 million.

Net Income

Net income was down 63.8%, to ¥11,830 million, and the net margin decreased to 2.8% from 7.1% a year earlier. This was largely attributable to the gain on sales of property, plant and equipment that was recorded in other income in the previous fiscal year, but not in the year under review. Net income per share (basic) decreased to ¥47.95, from ¥128.65 in the previous year.

Results by Business Segment

	Net sales (Millions of yen)			Operating income (Millions of yen)		
	FY2009.3	FY2008.3	Year on year	FY2009.3	FY2008.3	Year on year
Toys and Hobby	¥165,725	¥180,165	¥(14,440)	¥11,533	¥14,310	¥(2,777)
Amusement Facility	77,270	89,829	(12,559)	393	1,631	(1,238)
Game Contents	139,405	145,673	(6,268)	10,940	14,794	(3,854)
Network	10,890	12,044	(1,154)	669	904	(235)
Visual and Music Content	34,639	36,950	(2,311)	39	3,832	(3,793)
Other Businesses	19,010	19,811	(801)	566	754	(188)

Toys and Hobby SBU

In the Toys and Hobby Business, boys' toys based on the character, *Engine Sentai Go-onger*, posted strong performances in Japan. In addition, the card game *Battle Spirits*, newly launched in this fiscal year with tie-ups to a made-for-television animation, also became popular. Amidst the stagnation of individual consumption, however, candy toys, children's clothing and other peripheral toy categories were struggling.

Overseas, the *BEN10* character boys' toys made a positive contribution to performance in Europe and North America. Given the economic downturn, however, the results did not equal the strong performance of the previous fiscal year, when the *Tamagotchi* sold well.

As a result, the Toys and Hobby SBU recorded net sales of ¥165,725 million, a decrease of 8.0%, and operating income of ¥11,533 million, down 19.4%.

Amusement Facility SBU

In the difficult market environment, the Amusement Facility Business was sluggish, with domestic existing-facility sales at 86.7% of the figure for the previous fiscal year. In view of such environment, continued efforts were made to cut costs in order to improve profitability and about 20% of existing amusement facilities in Japan, a total of 63, were closed to increase efficiency.

Overseas, efforts in the United States were continuously focused on improving operational efficiency. In Europe, this business performed well, particularly in complex facilities in Great Britain. In Asia, *Wonder Park Plus*, a large-scale amusement facility in Hong Kong making use of Group synergies, became popular.

Consequently, the Amusement Facility SBU recorded net sales of ¥77,270 million, down 14.0%, and operating income of ¥393 million, a decline of 75.9%.

Game Contents SBU

In the Game Contents Business, the worldwide launch of *Soul Caliber IV*, home video game software, for the PLAYSTATION 3 and the Xbox360, contributed strongly to business results. In Europe and North America, *Active Life Outdoor Challenge* (*Family Trainer Athletic World*, in Japan) and *WE SKI* (*Family Ski*, in Japan) for the Wii performed well. In Japan, the multi-platform developed *Gundam Musou 2* for the PLAYSTATION 3, the Xbox360 and the PlayStation 2 and *Taiko Drum Master* series for the Wii and the DS became popular. Minor titles, however, faced difficulties as a whole. Moreover, in preparation for the implementation of the Mid-term Business Plan from April 2009, the valuation of work-in-process related to games under development was revisited and treated part of the costs as an expense.

With respect to arcade game machines, the large medal machine *Sea Story Lucky Marine Theater* gained popularity, but sales did not reach the performance levels of the previous fiscal year, which were strong particularly in repeat sales. Game contents for mobile phones and other mobile devices, however, performed robustly, thanks to the development of a wide variety of content to suit increasingly diverse user preferences.

As a result, the Game Contents SBU recorded net sales of ¥139,405 million, a decrease of 4.3%, and operating income of ¥10,940 million, down 26.1%.

Network SBU

In the Network Business, game contents tailored to suit a variety of user preferences in the mobile content sector, from high value-added content, such as *Dragon Ball Mobile* and *ONE PIECE Mobile Jack*, to casual games, such as the *Simple 100* series and *Zoo Keeper*, performed well. Further, customizable contents for mobile phones, particularly customizable *Mobile Suit Gundam* and *Hello Kitty* for standby displays, were popular, but the number of ringtone service subscribers continued to decline.

As a result, the Network SBU recorded net sales of ¥10,890 million, a decrease of 9.6%. Operating income was ¥669 million, down 26.0%, due in part to amortization of goodwill.

Visual and Music Content SBU

In the Visual and Music Content Business, the animated television series *Mobile Suit Gundam 00* (*Double O*), *Macross F* (*Frontier*), and *CODE GEASS: Lelouch of the Rebellion R2*, released on Blu-ray Disc and DVD in Japan, were popular visual software packages. In this transition period for hardware, where there is a shift from DVD to Blu-ray Disc; however, overall performance was sluggish. Sales of music software packages, particularly those related to animation, performed strongly. Overseas, we accepted returning of merchandise in conjunction with a review of the business model for package sales in the United States.

As a result, the Visual and Music Content SBU recorded net sales of ¥34,639 million, a decrease of 6.3%. Operating income was ¥39 million, down 99.0%, due in part to amortization of goodwill.

Other Businesses

Other Businesses consist of companies that conduct operations such as logistics support and building management to the Group's each strategic business unit. During this fiscal year, efforts were made to improve the efficiency of these operations related to group support.

Consequently, Other Businesses recorded net sales of ¥19,010 million, down 4.0%, and operating income of ¥566 million, a decline of 24.9%.

Results by Geographic Segment

	Net sales (Millions of yen)			Operating income (Millions of yen)		
	FY2009.3	FY2008.3	Year on year	FY2009.3	FY2008.3	Year on year
Japan	¥333,534	¥360,697	¥(27,163)	¥15,863	¥24,480	¥(8,617)
Americas	50,934	54,566	(3,632)	874	2,318	(1,444)
Europe	45,021	46,398	(1,377)	6,248	6,831	(583)
Asia	37,377	37,933	(556)	2,289	2,855	(566)

Japan

In the Toys and Hobby Business, although the *Engine Sentai Go-onger* character boys' toys and the card game *Battle Spirits*, newly launched in this fiscal year, posted strong performance, the peripheral toy categories struggled due to weak individual consumption. In the Game Contents Business, the home video game software titles *Gundam Musou 2*, developed for the multiple platforms of PLAYSTATION 3, Xbox360 and PlayStation 2, and *Taiko Drum Master* series for the Wii and the DS became popular. Minor titles, however, faced difficulties as a whole. With respect to arcade game machines, sales did not reach the performance levels of the previous fiscal year, which were strong particularly in repeat sales. In the Visual and Music Content Business, sales remained sluggish amid a transition period for hardware. The Amusement Facility Business also struggled under difficult market environment, particularly existing facilities.

As a result, net sales in Japan totaled ¥333,534 million, a 7.5% decrease. Operating income was ¥15,863 million, down 35.2%, due in part to amortization of goodwill accompanying the transition of Bandai Visual and Bandai Networks to wholly owned subsidiaries.

The Americas

In the Toys and Hobby Business, the *BEN10* character boys' toys performed strongly. Given the economic downturn, however, performance did not reach the levels of the previous fiscal year which enjoyed strong performance from *POWER RANGERS* and *Tamagotchi*. In the Game Contents Business, *Soul Calibur IV* for the PLAYSTATION 3 and the Xbox360 contributed strongly to business results, while *Active Life Outdoor Challenge* (*Family Trainer Athletic World*, in Japan) and *WE SKI* (*Family Ski,* in Japan) for the Wii performed well. Moreover, in preparation for the implementation of the Mid-term Business Plan from April 2009, the valuation of work-in-process related to games under development was revisited and treated part of the costs as an expense. In the Visual and Music Content Business, we accepted returning of merchandise in conjunction with a review of the business model for package sales, while in the Amusement Facility Business, efforts continued to be focused on improving operational efficiency.

As a result of these factors, the Americas recorded net sales of ¥50,934 million, a 6.7% decrease, and operating income of ¥874 million, a decline of 62.3%.

Europe

In the Toys and Hobby Business, although the *BEN10* character boys' toys performed strongly, performance did not reach the levels of the previous fiscal year which enjoyed strong performance from *POWER RANGERS* and *Tamagotchi*. In the Game Contents Business, *Soul Calibur IV*, developed for the PLAYSTATION 3 and the Xbox360, and *Dragon Ball Z: Burst Limit*, also for the PLAYSTATION 3 and the Xbox360, and others delivered strong performance. The Amusement Facility Business showed steady performance, particularly in complex facilities in Great Britain.

As a result, net sales in Europe were ¥45,021 million, a decrease of 3.0%, and operating income totaled ¥6,248 million, down 8.5%.

Asia

Although the Toys and Hobby Business delivered a steady performance centering on the *Mobile Suit Gundam* plastic models and the *POWER RANGERS* character boys' toys, performance did not reach the levels of the previous fiscal year due to a decline in production transactions for Europe and North America. In the Amusement Facility Business, *Wonder Park Plus*, a large-scale amusement facility in Hong Kong also serving as the base for the Group's information dissemination in the Asia region, became popular.

As a result, net sales in Asia were ¥37,377 million, down 1.5%, and operating income was ¥2,289 million, a decline of 19.8%.

Financial Position

At the fiscal year-end, total assets were down ¥49,578 million year on year, to ¥363,445 million. Cash and time deposits were down ¥19,356 million, property, plant and equipment, such as amusement facilities and machines and land, was down ¥11,454 million, and trade receivables declined ¥10,622 million.

Total liabilities were down ¥20,213 million, to ¥102,866 million. Short-term borrowings increased ¥3,519 million, and long-term debt rose ¥1,329 million, but trade payables declined ¥5,842 million, accrued expenses were down ¥8,735 million, and deferred tax liabilities declined ¥3,634 million.

Total net assets were down ¥29,365 million year on year, to ¥260,579 million. Net income was ¥11,830 million, but as a result of the acquisition and retirement of treasury stock, treasury stock increased ¥6,784 million while additional paid-in capital declined ¥8,058 million. Also, due to exchange rate fluctuations, translation adjustments were down ¥18,785 million. As a result, the shareholders' equity ratio increased to 70.9%, from 69.4% a year earlier. The current ratio* was 272.9%, compared with 263.4% a year earlier; the quick ratio* was 206.0%, compared with 203.0%; and the interest coverage ratio* was 112.9 times, compared to 200.0 times.

*Current ratio: Current assets / Total current liabilities
Quick ratio: (Cash and time deposits + Short-term investments + Trade receivables) / Total current liabilities
Interest coverage ratio: Cash flows from operating activities / Interest paid

Cash Flows

Cash and cash equivalents at the end of the fiscal year totaled ¥110,037 million, a year-on-year decrease of ¥19,253 million.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥19,301 million, down 44.9%. Principal cash outflows were income taxes paid of ¥12,727 million, compared with ¥16,286 million a year earlier, and acquisition of amusement facilities and machines of ¥6,646 million, compared to ¥9,286 million in the previous fiscal year. However, income before income taxes and minority interests was ¥21,125 million, compared to ¥45,965 million in the previous fiscal year, and depreciation was ¥22,546 million, compared with ¥24,759 million a year earlier. Overall, net cash provided by operating activities increased.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥10,327 million, down 31.1%. Decrease (increase) in time deposits, net was ¥2,874 million, compared with –¥2,218 million a year earlier. Sales of property, plant and equipment totaled ¥4,053 million, compared with ¥22,425 million in the previous fiscal year, but purchases of property, plant and equipment and of intangible assets were ¥10,811 million, compared with ¥14,670 million, and payments of loans receivable was ¥5,646 million, compared with ¥1,617 million. Purchases of investment securities in Distribution Partners S.A.S. and others were ¥3,344 million, compared with ¥4,994 million.

Cash Flows from Financing Activities

Net cash used in investing activities was ¥16,530 million, up 9.7%. Proceeds from long-term debt were ¥10,000 million, compared with ¥16,000 million in the previous year. On the other hand, decrease (increase) in treasury stock was ¥15,131 million, compared with ¥10,236 million in the previous year. Dividends paid totaled ¥6,009 million, compared to ¥7,163 million in the previous fiscal year.

Basic Policy on the Distribution of Profits and the Payment of Dividends

The Company positions the return of profits to stockholders as one of its highest management priorities. The fundamental policy is to maintain a stable dividend and increase corporate value while becoming an even more competitive Group, and preserving a sound financial position. In concrete terms, the Company plans to maintain the consolidated dividend payout ratio at a level of 30%, based on stable annual dividend payments of ¥24 per share. In addition, after appropriation of dividend from the consolidated periodical net income, the Company has resolved to attribute a portion of the remaining balance to the acquisition of its own shares, with comprehensive consideration of aspects such as the level of cash held, its operating performance, its share price trend, and its plan for large-scale investments.

As part of our three-year Mid-term Business Plan that started in April 2009, we shall place priority on allocating the remaining portion of net income after appropriation of dividend to up-front investment aimed at business expansion overseas.

Dividends for the year were ¥24 per share, comprised of the base component of ¥12 per share for both interim and year-end dividends. The consolidated payout ratio was 50.1%.

Targets and Management Indicators

The Group has adopted ROE (Return on Equity) as management performance indicators. Looking ahead, we aim to further expand profits by strengthening investments, particularly in overseas business, as well as effectively utilize stockholders' equity to build a strong and stable management base over the medium- to long-term. Specifically, the Group aims to achieve consolidated ROE of 10% or higher in the Mid-term Business Plan starting from 2015, and are tackling to achieve this target on two fronts: business expansion and efficient management.

In addition, we will introduce Return on Invested Capital (ROIC) as a new indicator to facilitate swift decision-making with regard to business recovery and closure in the rapidly changing entertainment industry.

Outlook for the Fiscal Year Ending March 2010

As for the future of the economy, there are fears that the trend of economic recession that has occurred from the disarray of the global financial market will become prolonged and serious. Also, the uncertain environment of weak individual consumption and employment instability is expected to continue. This, moreover, is having a global impact on the entertainment industry, in which the Group is extensively involved. Based on current circumstances, the Group expects the harsh business environment will continue.

Amidst these conditions, the Group will press ahead with its sights set on the medium- to long-term Group vision of becoming a "Globally Recognized Entertainment Group." By promoting up-front investment in growing business areas and improving profitability of businesses, the Group shall further develop its global management foundation, based on the three-year Mid-term Business Plan that started in April 2009.

Specifically, in the Toys and Hobby Business, in Japan, while strengthening development of long-established character series aimed at existing users such as *Samurai Sentai Shinkenger*, *Masked Rider Decade*, aimed at boys, and *FRESH Pretty Cure*, aimed at girls, and *Mobile Suit Gundam*, which is celebrating its 30th anniversary, the Group will also focus on new content development including the card game *Battle Spirits*. Overseas, the Group will work on strengthening product development centering on not only *POWER RANGERS* and *BEN10* for boys, but also new characters such as *Kamen Rider Dragon Knight* (*Kamen Rider Ryuki*, in Japan).

In the Game Contents Business, the Group will place particular focus on the home video game software business in Europe and North America. In addition to the popular series titles originated in Japan such as *Tekken 6*, developed for PLAYSTATION 3 and Xbox360, the focus on Europe and North America will also include casual games such as the *"Family"* series, for the Wii.

In the Visual and Music Content Business, amidst the transition period for hardware, where there is a shift from DVD to Blu-ray Disc, the Group will aim to boost profitability by ensuring a balance of content for all target groups.

For the Amusement Facility Business, the Group will improve profitability by continuing to implement scrap-and-build measures and differentiating its stores from competitors' by utilizing the Group's assets.

In consideration of the measures implemented by each SBU and the continued difficult operating environment, for the fiscal year ending March 2010, we are forecasting consolidated net sales of ¥400,000 million, a year-on-year decrease of 6.2%; operating income of ¥15,000 million, a year-on-year decrease of 32.9%; and net income of ¥8,500 million, a year-on-year decrease of 28.1%.

Fiscal Year Ending March 31, 2010 (Consolidated Plan)

Business Segments

(Millions of yen)

	Net sales	Operating income
Toys and Hobby	¥158,000	¥ 9,000
Game Contents	140,000	5,500
Visual and Music Content	34,000	1,500
Amusement Facility	70,000	1,500
Other Businesses	18,000	500
Eliminations and corporate	(20,000)	(3,000)
Total	¥400,000	¥15,000

Geographic Segments

(Millions of yen)

	Net sales (after eliminations)	Operating income
Japan	¥300,000	¥11,800
Americas	46,000	0
Europe	40,000	4,200
Asia	14,000	2,500
Eliminations and corporate	—	(3,500)
Total	¥400,000	¥15,000

Note: Figures in these tables are as of August 4, 2009.

Forward-Looking Statements

Forecasts for the next fiscal year and other future projections in this annual report are based on information available to the Group at the time they were made and are therefore subject to various risks and uncertainties. Actual results therefore may differ materially from projections for a variety of factors. Major factors that could influence results include changes in the Company and the Group's operating environment, market trends, and exchange rate fluctuations.

Consolidated **Balance Sheets**

NAMCO BANDAI Holdings Inc. and Consolidated Subsidiaries
As of March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (note 3)
	2008	2009	2009
Assets			
Current assets:			
Cash and time deposits (note 4)	¥ 126,103	¥ 106,747	$ 1,086,705
Short-term investments (notes 4 and 5)	7,069	4,426	45,058
Trade receivables (note 6)	73,141	62,519	636,455
Allowance for doubtful receivables	(607)	(447)	(4,551)
Inventories (note 7)	36,429	37,651	383,294
Deferred tax assets (note 12)	5,909	6,146	62,567
Other current assets	19,669	19,044	193,872
Total current assets	267,713	236,086	2,403,400
Investments and other assets:			
Investment securities (note 5)	26,143	24,950	253,996
Guarantee money deposited	20,112	18,013	183,376
Deferred tax assets (note 12)	6,291	7,125	72,534
Other investments and assets	3,542	4,248	43,245
Allowance for doubtful receivables	(1,216)	(1,254)	(12,766)
Total investments and other assets	54,872	53,082	540,385
Property, plant and equipment:			
Buildings and structures	26,316	24,066	244,996
Amusement facilities and machines	81,042	70,823	720,992
Land	14,347	11,783	119,953
Other property, plant and equipment	66,575	67,284	684,964
Total	188,280	173,956	1,770,905
Less accumulated depreciation	(124,834)	(121,964)	(1,241,617)
Net property, plant and equipment	63,446	51,992	529,288
Intangible assets:			
Goodwill	15,800	12,055	122,722
Other intangible assets	11,192	10,230	104,144
Total intangible assets	26,992	22,285	226,866
Total assets	¥ 413,023	¥ 363,445	$ 3,699,939

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (note 3)
	2008	2009	2009
Liabilities and net assets			
Current liabilities:			
Short-term borrowings (note 9)	¥ 5,338	¥ 8,857	$ 90,166
Trade payables (note 10)	42,603	36,761	374,234
Accrued expenses	33,765	25,030	254,810
Accrued income taxes (note 12)	9,263	6,375	64,899
Other current liabilities (notes 9 and 12)	10,680	7,281	74,122
Total current liabilities	101,649	84,304	858,231
Long-term liabilities:			
Long-term debt (note 9)	10,662	11,991	122,071
Accrued retirement and severance benefits (note 11)	1,598	1,953	19,882
Deferred tax liabilities (note 12)	4,732	1,098	11,178
Other long-term liabilities (note 9)	4,438	3,520	35,833
Total long-term liabilities	21,430	18,562	188,964
Total liabilities	123,079	102,866	1,047,195
Net assets:			
Common stock (notes 17 and 18)			
Authorized 1,000,000,000 shares;			
issued 250,000,000 shares	10,000	10,000	101,802
Additional paid-in capital (note 18)	87,946	79,888	813,275
Retained earnings (note 15)	192,865	199,453	2,030,469
Treasury stock, at cost; 1,766,271 shares in 2008 and 8,694,796 shares in 2009 (note 17)	(2,840)	(9,624)	(97,974)
Subtotal	287,971	279,717	2,847,572
Other securities valuation difference (notes 5 and 12)	193	(1,911)	(19,454)
Deferred gains or losses on hedges, net of tax	(113)	(105)	(1,069)
Land revaluation (notes 12 and 16)	(6,284)	(6,300)	(64,135)
Translation adjustments	5,029	(13,756)	(140,039)
Subtotal	(1,175)	(22,072)	(224,697)
Stock subscription rights (note 18)	1,531	1,468	14,945
Minority interests	1,617	1,466	14,924
Total net assets	289,944	260,579	2,652,744
Contingencies (note 21)			
Total liabilities and net assets	¥413,023	¥363,445	$3,699,939

Consolidated **Statements of Income**

NAMCO BANDAI Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (note 3)
	2008	2009	2009
Net sales	¥460,474	¥426,400	$4,340,833
Cost of sales	296,401	280,377	2,854,291
Gross profit	164,073	146,023	1,486,542
Selling, general and administrative expenses (note 13)	130,662	123,675	1,259,035
Operating income	33,411	22,348	227,507
Other income (loss):			
Interest and dividend income	2,553	2,039	20,757
Interest expense	(202)	(247)	(2,515)
Gain (loss) on sales of investment securities, net	288	57	580
Loss on valuation of investment securities	(225)	(1,327)	(13,509)
Gain (loss) on sales and disposal of fixed assets, net	16,105	1,333	13,570
Loss on impairment of fixed assets (note 8)	(4,248)	(954)	(9,713)
Other	(1,717)	(2,124)	(21,620)
	12,554	(1,223)	(12,450)
Income before income taxes and minority interests	45,965	21,125	215,057
Income taxes (note 12)	12,635	9,060	92,233
Minority interests	651	235	2,392
Net income	¥ 32,679	¥ 11,830	$ 120,432

	Yen		U.S. dollars (note 3)
Data per common share (note 14):			
Net assets at March 31	¥1,127.72	¥1,067.71	$10.87
Net income:			
Basic	128.65	47.95	0.49
Diluted	128.47	47.88	0.49
Dividend applicable to period (note 15)	24.00	24.00	0.24

See accompanying Notes to Consolidated Financial Statements.

Consolidated **Statements of Changes in Net Assets**

NAMCO BANDAI Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (note 3)
	2008	2009	2009
Common stock (notes 17 and 18):			
Balance at beginning of year	¥ 10,000	¥ 10,000	$ 101,802
Balance at end of year	10,000	10,000	101,802
Additional paid-in capital (note 18):			
Balance at beginning of year	97,142	87,946	895,307
Retirement of treasury stock	(8,184)	(8,336)	(84,862)
Purchase of treasury stock from consolidated subsidiaries	—	278	2,830
Decrease in treasury stock due to a share exchange	(1,012)	—	—
Balance at end of year	87,946	79,888	813,275
Retained earnings (note 15):			
Balance at beginning of year	182,389	192,865	1,963,402
Effect of changes in accounting policies applied to foreign subsidiaries	—	(66)	(672)
Net income	32,679	11,830	120,432
Effect from newly consolidated subsidiaries	(104)	818	8,327
Decrease due to the deconsolidation of subsidiaries	(27)	—	—
Increase due to change of consolidated subsidiaries into investments reported under the equity method	93	—	—
Reversal of land revaluation	(15,002)	15	153
Cash dividends	(7,163)	(6,009)	(61,173)
Balance at end of year	192,865	199,453	2,030,469
Treasury stock (note 17):			
Balance at beginning of year	(3,952)	(2,840)	(28,912)
Net change during year	1,112	(6,784)	(69,062)
Balance at end of year	(2,840)	(9,624)	(97,974)
Other securities valuation difference (notes 5 and 12):			
Balance at beginning of year	4,101	193	1,965
Net change during year, net of tax	(3,908)	(2,104)	(21,419)
Balance at end of year	193	(1,911)	(19,454)
Deferred gains or losses on hedges, net of tax:			
Balance at beginning of year	92	(113)	(1,150)
Net change during year	(205)	8	81
Balance at end of year	(113)	(105)	(1,069)
Land revaluation (notes 12 and 16):			
Balance at beginning of year	(21,286)	(6,284)	(63,972)
Net change during year, net of tax	15,002	(16)	(163)
Balance at end of year	(6,284)	(6,300)	(64,135)
Translation adjustments:			
Balance at beginning of year	5,684	5,029	51,196
Net change during year	(655)	(18,785)	(191,235)
Balance at end of year	5,029	(13,756)	(140,039)
Stock subscription rights (note 18):			
Balance at beginning of year	577	1,531	15,586
Net change during year	954	(63)	(641)
Balance at end of year	1,531	1,468	14,945
Minority interests:			
Balance at beginning of year	9,507	1,617	16,461
Net change during year	(7,890)	(151)	(1,537)
Balance at end of year	1,617	1,466	14,924
Total net assets at end of year	¥289,944	¥260,579	$2,652,744

See accompanying Notes to Consolidated Financial Statements.

Consolidated **Statements of Cash Flows**

NAMCO BANDAI Holdings Inc. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2009

	Millions of yen		Thousands of U.S. dollars (note 3)
	2008	2009	2009
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 45,965	¥ 21,125	$ 215,057
Depreciation	24,759	22,546	229,523
Loss on impairment of fixed assets	4,248	954	9,713
Loss (gain) on sales and disposal of fixed assets, net	(16,105)	(1,333)	(13,570)
Loss on disposal of amusement facilities and machines	1,215	796	8,103
Gain (loss) on sales of investment securities, net	(288)	(57)	(580)
Loss on valuation of investment securities	225	1,327	13,509
Decrease (increase) in trade receivables	6,129	3,827	38,960
Decrease (increase) in inventories	(3,936)	(2,128)	(21,663)
Acquisition of amusement facilities and machines	(9,286)	(6,646)	(67,658)
Increase (decrease) in trade payables	(4,203)	(59)	(601)
Other	217	(10,227)	(104,115)
Subtotal	48,940	30,125	306,678
Interest and dividends received	2,521	2,074	21,114
Interest paid	(175)	(171)	(1,741)
Income taxes paid	(16,286)	(12,727)	(129,563)
Net cash provided by operating activities	35,000	19,301	196,488
Cash flows from investing activities:			
Decrease (increase) in time deposits, net	(2,218)	2,874	29,258
Purchases of property, plant and equipment	(10,471)	(8,012)	(81,564)
Sales of property, plant and equipment	22,425	4,053	41,260
Purchases of intangible assets	(4,199)	(2,799)	(28,494)
Purchases of investment securities	(4,994)	(3,344)	(34,043)
Sales of investment securities	26	354	3,604
Acquisition of shares in consolidated subsidiaries, net of cash acquired	(15,983)	(49)	(499)
Sales of subsidiary shares affecting the scope of consolidation	(63)	277	2,820
Payments of loans receivable	(1,617)	(5,646)	(57,477)
Collection of loans receivable	1,452	297	3,024
Payment of guarantee money deposited	(1,588)	(1,198)	(12,196)
Collection of guarantee money deposited	2,260	2,865	29,166
Other	(11)	1	10
Net cash used in investing activities	(14,981)	(10,327)	(105,131)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings, net	(739)	128	1,303
Proceeds from long-term debt	16,000	10,000	101,802
Repayment of long-term debt	(12,542)	(5,338)	(54,342)
Repayments of lease obligations	—	(104)	(1,059)
Decrease (increase) in treasury stock	(10,236)	(15,131)	(154,036)
Dividends paid	(7,163)	(6,009)	(61,173)
Dividends paid to minority interests	(387)	(76)	(774)
Net cash used in financing activities	(15,067)	(16,530)	(168,279)
Effect of exchange rate changes on cash and cash equivalents	(304)	(12,620)	(128,474)
Net increase (decrease) in cash and cash equivalents	4,648	(20,176)	(205,396)
Cash and cash equivalents at beginning of year	124,156	129,290	1,316,197
Increase in cash and cash equivalents due to consolidation of additional subsidiaries	486	1,143	11,636
Increase in cash and cash equivalents due to merger of nonconsolidated subsidiaries	—	85	865
Decrease in cash and cash equivalents due to the company split	—	(305)	(3,105)
Cash and cash equivalents at end of year (note 4)	¥129,290	¥110,037	$1,120,197

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated *Financial Statements*

NAMCO BANDAI Holdings Inc. and Consolidated Subsidiaries

1 Basis of Presentation

NAMCO BANDAI Holdings Inc. ("the Company") and its consolidated subsidiaries (collectively, "the Company") have prepared their financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with International Financial Reporting Standards or U.S. GAAP. The accompanying consolidated financial statements have been prepared and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act.

Some supplementary information included in the statutory Japanese language consolidated financial statements that is not required for fair presentation is not presented in the accompanying consolidated financial statements.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued in Japan in order to present them in a form that is more useful to readers outside Japan.

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the presentation used for the year ended March 31, 2009.

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries.

Consolidation of the remaining subsidiaries would have had no material effect on the accompanying consolidated financial statements. Investments in significant affiliates are accounted for using the equity method.

Investments in unconsolidated subsidiaries and certain affiliates other than those discussed in the previous paragraph are stated at cost. If the equity method had been applied to the investments in these companies, there would have been no material effect on the accompanying consolidated financial statements.

All significant intercompany accounts and transactions have been eliminated in consolidation. The excess of cost over the underlying fair value of the net assets of consolidated subsidiaries from acquisition is being amortized over a five-year period.

(b) Cash and Cash Equivalents

In reporting cash flows, the Company considers cash on hand, demand deposits, and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents (note 4).

(c) Foreign Currency Translation

Foreign currency transactions are translated into yen at rates in effect at the dates they are transacted, and the gains or losses arising from the settlement of the related receivables or payables are included in "Other income (loss)".

Receivables and payables denominated in foreign currencies at the balance sheet date are translated at the rates in effect as of the balance sheet date and the unrealized gains or losses are included in "Other income (loss)".

The assets and liabilities of foreign consolidated subsidiaries and affiliates are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expenses of foreign consolidated subsidiaries and affiliates are translated into yen at the average rates of exchange during the year. Gains and losses resulting from foreign currency transactions are included in "Other income (loss)", and those resulting from the translation of foreign currency financial statements are generally excluded from the consolidated statements of income and are included in "Translation adjustments" and "Minority interests" in "Net assets".

(d) Accounting Standards for Income and Expenses

Accounting for video game software production expenses:
A distinctive characteristic of video game software is the process through which the software is combined with the content that cannot be separated into identifiable components.

The content is considered to be an important component of each video game title, which includes the game content and visual/music data. Once management makes a decision to go forward in distributing a title, the Company records the software and content development costs as inventories.

The capitalized production costs (which include inventories) are amortized to cost of sales based on projected sales volumes.

(e) Short-Term Investments and Investment Securities

The Company classifies its securities into one of the following three categories: held-to-maturity securities, investments in unconsolidated subsidiaries and affiliated companies, or other securities.

Held-to-maturity securities are amortized to face value over the period remaining to the maturity date. Investments in unconsolidated subsidiaries and affiliated companies are carried at cost. Other securities with a market value are principally carried at market value. The difference, net of tax, between the acquisition cost and the carrying amount of other securities with a market value, is recognized in "Other securities valuation difference" in "Net assets" until realized. Other securities without a market value are principally carried at cost. The cost of other securities sold is principally computed based on the moving average method.

(f) Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided for possible losses on unrecoverable receivables. For ordinary receivables, the amount of the allowance is based on the historical rate of loss. For receivables from debtors at risk of bankruptcy and receivables from debtors in bankruptcy or under reorganization, the amount of the allowance is based on individually estimated unrecoverable amounts.

(g) Inventories

Domestic consolidated subsidiaries:
Inventories are stated at cost determined on an average cost basis (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability).
Foreign consolidated subsidiaries:
Inventories are stated at the lower of cost, determined principally by an average method, or market.

Both domestic and foreign consolidated subsidiaries state game software work-in-process by the specific-cost method (The value stated on the balance sheet was calculated by writing down the book value based on declining profitability).
(Change in accounting policies)
"Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, issued on July 5, 2006) was applied from fiscal 2009. The impact of this change on operating income and income before income taxes and minority interests is immaterial.

(h) Income Taxes

Current income taxes are accounted for based on income and deferred income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income in the period that includes the enactment date.

(i) Property, Plant and Equipment

The Company and its domestic consolidated subsidiaries:
Depreciation of property, plant and equipment is principally computed by the declining-balance method based on estimated useful lives. The straight-line method is used for buildings (except for building fixtures) acquired since April 1, 1998. The estimated useful lives for Buildings and structures and Amusement facilities and machines are 2–50 years and 3–15 years, respectively.

As for the property, plant and equipment of some domestic consolidated subsidiaries, the useful life was changed from fiscal 2009, pursuant to the change in statutory useful life in the 2008 revision of the Corporation Tax Law. The impact of this change on operating income and income before income taxes and minority interests in fiscal 2009 is immaterial.

From fiscal 2008, due to the revision of the Japanese Corporation Tax Law, the Company and some of its domestic consolidated subsidiaries changed the method of calculating the depreciation of property, plant and equipment acquired on or after April 1, 2007, based on the revised Japanese Corporation Tax Law.

As a result of this change, operating income and income before income taxes and minority interests in fiscal 2008 each decreased by ¥989 million.

From fiscal 2008, due to the revision of the Japanese Corporation Tax Law, the Company and some of its domestic consolidated subsidiaries, depreciate the difference between the original residual value of 5% of acquisition cost of assets acquired on or before March 31, 2007, and the new residual value of ¥1 (memorandum value) by the straight line method over 5 years commencing from the fiscal year following the year in which the asset becomes fully depreciated to the original residual value.

As a result of this change, operating income and income before income taxes and minority interests in fiscal 2008 each decreased by ¥187 million.

Foreign consolidated subsidiaries:
Depreciation of property, plant and equipment is principally computed by the straight-line method based on estimated useful lives. The estimated useful lives for Buildings and structures and Amusement facilities and machines are 5–50 years and 2–7 years, respectively.

(j) Intangible Assets

Depreciation of intangible assets is computed by the straight-line method based on estimated useful lives. Software for internal use is depreciated over 1–5 years.

Goodwill is amortized over 5 years using the straight-line method.

(k) Leases

Depreciation of lease assets is computed by the straight-line method, over the period of the lease, for a residual value of zero. Before the change the accounting treatment for finance lease except for those where the legal title to the underlying property is transferred from the lessor to lessee at the end of the lease term followed the method for operating lease transactions. However, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) are applied and the accounting treatment for such transactions follows the method for ordinary purchase or sales transactions from fiscal 2009.

However, finance lease transactions other than those in which titles to leased property are determined to be transferred to lessees, which transactions started on or before March 31, 2008, are stated by applying the accounting treatment applicable to ordinary operating lease transactions. This change has no impact on operating income and net income before income taxes and minority interests in fiscal 2009.

(l) Impairment of Fixed Assets

The Company has applied the "Accounting Standard for Impairment of Fixed Assets" (the "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" (Business Accounting Deliberation Council, August 9, 2002)) and the "Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets" (Guidance on Corporate Accounting Standard No. 6, October 31, 2003). The amount of accumulated losses on impairment of fixed assets is deducted directly from the carrying amount of each asset pursuant to the Regulations Concerning Financial Statements.

(m) Derivatives and Hedging Activities

The Company and its consolidated subsidiaries use derivative instruments, such as forward exchange contracts and interest rate swap contracts, to reduce market risks stemming from fluctuations in foreign exchange rates and interest rates. The Company and its consolidated subsidiaries use these derivative instruments solely for the purpose of reducing the risks resulting from such fluctuations to which they are exposed in the course of their ordinary business activities. Accordingly, the Company does not use derivative instruments or other financial instruments for speculative purposes.

The Company's counterparties for derivative instruments are all highly creditworthy financial institutions and, therefore, the Company believes that it is exposed to almost no counterparty risk. Derivative transactions are conducted in accordance with internal rules that specify transaction authority and transaction amount limits.

As a general rule, derivative instruments are stated at fair value. For derivative instruments that meet the standards for hedge accounting, recognition of gains or losses is deferred. In cases where forward foreign exchange contracts meet certain hedging criteria, they are accounted for under the allocation method. Interest rate swaps that meet specific matching criteria are accounted for using specific allowed methods under relevant accounting standards.

The Company assesses the effectiveness of hedging transactions from the start of the transaction to the point at which effectiveness is assessed by comparing the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedged item with the cumulative changes in the fair value or the cumulative changes in the cash flows of the hedging instrument. In the event that critical terms are the same for the hedging instrument and the hedged assets, liabilities, or forecast transaction, it is assumed that the hedge is 100% effective, so the assessment of effectiveness is not performed. Also, for interest rate swaps for which the specific allowed methods are applied, the assessment of effectiveness is not performed.

In the event that a hedge becomes ineffective, hedge accounting is no longer applied and the recognition of the gains or losses on the hedge transaction is no longer deferred.

(n) Provision for Directors' Bonuses

The Company and its domestic consolidated subsidiaries provide accrued bonuses for directors based on the estimated amounts to be paid in respect of the fiscal year.

(o) Retirement and Severance Benefits

The Company has established a retirement lump-sum benefits system and a defined contribution pension plan. With the exception of certain companies, domestic consolidated subsidiaries have established qualified retirement benefit plans, retirement lump-sum benefits, or comprehensive employee pension funds. At the Company's discretion, additional benefits may be paid at retirement. Certain foreign consolidated subsidiaries have established defined contribution pension plans or retirement lump-sum benefits system.

Accrued retirement and severance benefits for employees in respect of defined benefit plans is provided for based on the estimated values of projected benefit obligations and pension plan assets at the end of the fiscal year. Unrecognized actuarial gain or loss is amortized, beginning from the fiscal year following the year in which it is incurred, using the straight-line method over a period that does not exceed the average remaining years of service of employees as of the end of the fiscal year in which it is incurred (9 to 19 years). Certain domestic consolidated subsidiaries amortize prior service costs over a fixed period (10 to 11 years) that does not exceed the average remaining years of service of employees at the point when the costs are incurred.

To provide for payment of retirement benefits to directors and corporate auditors, certain domestic consolidated subsidiaries record the amount payable at the end of the fiscal year in accordance with internal regulations.

(p) Provision for Losses from Business Restructuring

Certain consolidated subsidiaries make provision for estimated losses on restructuring of operations.

(q) Provision for Sales Returns

Certain consolidated subsidiaries provide for losses on returned goods after the end of the fiscal year based on historic experience.

(r) Appropriation of Retained Earnings

In Japan, retained earnings with respect to a given financial period are appropriated by resolution of the shareholders at a general meeting to be held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations.

(s) Data per Common Share

In computing basic net income per common share, the average number of shares outstanding during each year has been used.

Diluted net income per share assumes the dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, or resulted in issuance of common stock.

Cash dividends per common share are computed based on dividends declared with respect to the income for the year.

(t) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

With the adoption of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF Practical Solution No. 18, issued on May 17, 2006), necessary adjustments to the consolidated returns were carried out from fiscal 2009.
The impact of this change on operating income and net income before income taxes and minority interests is immaterial.

3 Financial Statement Translation

The consolidated financial statements are expressed in yen.

However, solely for the convenience of the reader, the consolidated financial statements as of and for the year ended March 31, 2009, have been translated into U.S. dollars at the rate of ¥98.23=U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market on March 31, 2009.

This translation should not be construed as an indication that the amounts shown could be converted into U.S. dollars at such rate.

4 Cash and Cash Equivalents

Reconciliations of cash and cash equivalents at March 31, 2008 and 2009 between the amounts shown in the consolidated balance sheets and the consolidated statements of cash flows are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Cash and time deposits	¥126,103	¥106,747	$1,086,705
Short-term investments	7,069	4,426	45,058
Time deposits with maturities in excess of three months	(3,882)	(1,136)	(11,566)
Cash and cash equivalents per consolidated statement of cash flows	¥129,290	¥110,037	$1,120,197

Cash and time deposits of ¥131 million ($1,334 thousand) is pledged as collateral for bank transaction guarantees at March 31, 2009.

5 Short-Term Investments and Investment Securities

Short-term investments and investment securities at March 31, 2008 and 2009 are summarized as follows:

Held-to-maturity securities at March 31, 2008 include marketable governmental bond securities with a carrying amount of ¥30 million, which approximates market value.

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Held-to-maturity securities	¥ 64	¥ 31	$ 316
Other securities–marketable	15,102	10,956	111,534
Other securities–non-marketable	8,924	6,239	63,514
Investments in unconsolidated subsidiaries and affiliated companies	9,122	12,150	123,690
Total of short-term investments and investment securities	¥33,212	¥29,376	$ 299,054

The original cost, carrying amount (market value), and gross unrealized holding gain (loss) for marketable other securities at March 31, 2008 and 2009, are summarized as follows:

	Millions of yen			
	2008			
	Original cost	Gross unrealized holding gain	Gross unrealized holding loss	Carrying amount (Market value)
Other securities–marketable:				
Equity securities	¥12,410	¥4,932	¥(2,746)	¥14,596
Debt securities	301	—	(2)	299
Other	223	—	(16)	207
Total	¥12,934	¥4,932	¥(2,764)	¥15,102

	Millions of yen			
	2009			
	Original cost	Gross unrealized holding gain	Gross unrealized holding loss	Carrying amount (Market value)
Other securities–marketable:				
Equity securities	¥11,445	¥2,165	¥(3,111)	¥10,499
Debt securities	300	4	(3)	301
Other	223	—	(67)	156
Total	¥11,968	¥2,169	¥(3,181)	¥10,956

	Thousands of U.S. dollars			
	2009			
	Original cost	Gross unrealized holding gain	Gross unrealized holding loss	Carrying amount (Market value)
Other securities–marketable:				
Equity securities	$116,512	$22,040	$(31,670)	$106,882
Debt securities	3,054	41	(31)	3,064
Other	2,270	—	(682)	1,588
Total	$121,836	$22,081	$(32,383)	$111,534

Proceeds and gross realized gains and losses from the sale of other securities in the years ended March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Proceeds from the sales of other securities	¥ 26	¥ 57	$ 580
Gross realized gains from the sales of other securities	2	1	10
Gross realized losses from the sales of other securities	(12)	(16)	(163)

The following is a summary of non-marketable other securities at March 31, 2008 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
	Carrying amount	Carrying amount	Carrying amount
Other securities–non-marketable:			
Unlisted securities	¥1,721	¥1,691	$17,214
Money market fund and others	5,863	3,695	37,616
Other	1,340	853	8,684
Total	¥8,924	¥6,239	$63,514

Other securities with specified maturity dates and held-to-maturity securities at March 31, 2008 and 2009 mature as follows:

	Millions of yen		
	2008		
Due:	Within one year	After 1 through 5 years	After 5 through 10 years
Debt securities:			
Governmental bond securities	¥10	¥20	¥—
Corporate bond securities	—	34	—
Total	¥10	¥54	¥ —

	Millions of yen		
	2009		
Due:	Within one year	After 1 through 5 years	After 5 through 10 years
Debt securities:			
Governmental bond securities	¥—	¥—	¥—
Corporate bond securities	—	31	—
Total	¥—	¥31	¥—

	Thousands of U.S. dollars		
	2009		
Due:	Within one year	After 1 through 5 years	After 5 through 10 years
Debt securities:			
Governmental bond securities	$—	$ —	$—
Corporate bond securities	—	316	—
Total	$—	$316	$—

6 Trade Receivables

Trade receivables at March 31, 2008 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Notes receivable	¥ 6,874	¥ 6,248	$ 63,606
Accounts receivable–trade	66,267	56,120	571,312
Lease receivables and investment assets	—	151	1,537
Total	¥73,141	¥62,519	$636,455

7 Inventories

Inventories at March 31, 2008 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Finished goods and merchandise	¥11,463	¥11,643	$118,528
Work in process	21,481	21,654	220,441
Raw materials and supplies	3,485	4,354	44,325
Total	¥36,429	¥37,651	$383,294

8 Loss on Impairment of Fixed Assets

Groupings for evaluating fixed asset impairment are made according to management accounting classifications based on strategic business units, excluding significant idle assets, assets scheduled for disposal, and leased assets. Of these, in the amusement facility business, the individual facility, the smallest unit used in management accounting, is mainly the basic unit for grouping assets.

(Changes in grouping of assets)

In the past, in the amusement facility business, asset groupings were mainly organized by a certain region; in some domestic consolidated subsidiaries, however, due to changes in their organization, the units used in the management accounting and the units in those groupings have diverged; thus, from fiscal 2009, the individual facility, the smallest unit used in management accounting, is the basic unit for grouping assets.

Accompanying these changes, the Company stated loss on impairment of fixed assets of ¥160 million ($1,629 thousand) in fiscal 2009 as other income (loss) and reduced income before income taxes and minority interests in the same amount of the impairment loss.

The book values of the following assets, which exclude reusable assets, were reduced to the recoverable amount. The amount of reduction recorded as an impairment loss in, Other income (loss), for the years ended March 31, 2008 and 2009 were as follows:

			Millions of yen		Thousands of U.S. dollars
Location	Items	Classification	2008	2009	2009
Yokohama City, Kanagawa, etc. (Note 1)	Amusement facility	Amusement facilities and machines and other assets	¥938	¥ —	$ —
Kanazawa City, Ishikawa (Note 2)	Amusement facility	Amusement facilities and machines and other assets	173	—	—
Ayase City, Kanagawa, etc. (Note 3)	Amusement facility	Amusement facilities and machines and other assets	85	—	—
Hakodate City, Hokkaido (Note 2)	Amusement facility (Tourist hotel)	Buildings & structures and other assets	483	—	—
BEDFORDSHIRE, U.K. etc. (Note 2)	Amusement facility	Amusement facilities and machines and other assets	948	—	—
CAUSEWAY BAY, HONG KONG (Note 4)	Assets scheduled for disposal, etc.	Amusement facilities and machines and other assets	2	—	—
ILLINOIS, U.S.A. (Note 5)	Amusement facility	Goodwill	662	—	—
Shimotsuga-gun, Tochigi, etc. (Note 6)	Idle assets	Buildings & structures, land, and other assets	789	—	—
Bunkyo-ku, Tokyo, etc. (Note 4)	Assets scheduled for disposal and other assets	Buildings & structures, other property, plant and equipment	116	—	—
Inashiki-gun, Ibaraki (Note 7)	Warehouse	Buildings & structures, land	35	—	—
Koutou-ku, Tokyo (Note 2)	Software for Internet content business	Other property, plant and equipment, other intangible fixed assets	17	—	—
Kanazawa City, Ishikawa (Note 8)	Amusement facility	Amusement facilities and machines and other assets	—	208	2,117
Sendai City, Miyagi (Note 9)	Amusement facility	Amusement facilities and machines and other assets	—	94	957
Osaka City Osaka (Note 10)	Amusement facility	Amusement facilities and machines and other assets	—	475	4,836
SAPPORO City, Hokkaido (Note 8)	Assets for business use	Buildings & structures, other property, plant and equipment	—	48	489
Shibuya-ku, Tokyo (Note 11)	Assets for business use	Buildings & structures, other property, plant and equipment	—	38	387
SEOUL, KOREA (Note 8)	Software for Internet content business	Other intangible fixed assets	—	25	255
Minato-ku, Tokyo (Note 12)	Assets scheduled for disposal,etc.	Buildings & structures, other property, plant and equipment	—	23	234
Minato-ku, Tokyo (Note 12)	Assets scheduled for disposal,etc.	Buildings & structures	—	14	143
Ibaraki City, Osaka (Note 13)	Idle assets	Land	—	29	295
Total			¥4,248	¥954	$9,713

Notes:
1. This asset was separated from its current grouping and an impairment loss was recorded because the recoverable amount of this asset decreased due to the decision to close the facility. In addition, the asset was determined to have no value.
2. An impairment loss was recorded because it was forecasted that the book value of this fixed asset could not be recovered due to the decline in business profitability. In addition, the asset was determined to have no value.
3. These assets were separated from their current grouping and an impairment loss was recorded because it was decided to change the use of the assets from income generating to use for social welfare projects which resulted in a reduction in their recoverable amounts, and because these assets were considered to have lost its mutually complementary function in their current grouping. In addition, the assets were determined to have no value.
4. An impairment loss was recorded for this asset which is unlikely to be used because of relocation of facilities. In addition, the asset was determined to have no value.
5. An impairment loss was recorded because the book value of this fixed asset could not be recovered due to the decrease in profitability of the acquired business. In addition, the asset was determined to have no value.
6. Assets that have no foreseeable use in the future due to integration of business units were written down and an impairment loss was recorded. In addition, the recoverable amount of real estate assets was measured to be the net selling price which was assessed based on road rating.
7. An impairment loss was recorded because it was forecasted that the book value of this fixed asset could not be recovered due to the decrease in business profitability. In addition, the recoverable amounts for real estate were measured by the net sales value and assessed based on fixed assets tax rating.

8. An impairment loss was recorded because it was predicted that the book value of this fixed asset could not be collected due to the decrease in business profitability. In addition, the asset was determined to have no value.
9. An impairment loss was recorded because it was judged that the value that could be collected on this fixed asset had fallen substantially, due to the decision to close the facility. In addition, the asset was determined to have no value.
10. This asset was separated from its existing grouping and an impairment loss was recorded for the asset because, while it had previously been operated to generate income, a rethinking of the main objective of the operation led to a decision to operate the asset as a research facility for new product development and development of new types of facilities; upon that decision, the asset was recognized that the value that could be collected on this fixed asset had fallen substantially. In addition, the asset was determined to have no value.
11. This asset was separated from its current grouping and recorded as an impairment loss because the collectible amount of this fixed asset largely decreased due to the decision to close the facility. The asset was determined to have no value.
12. An impairment loss was recorded on this asset, for which no future use is anticipated, accompanying the relocation of the Company and its subsidiaries' head office functions. In addition, the asset was determined to have no value.
13. Assets that had no foreseeable use in the future were written down and impairment loss was recorded. The recoverable amount of real estate assets was measured to be the net selling price, which was assessed based on real assets appraisals.

9 Borrowings and Lease Obligations

Short-term borrowings at March 31, 2008 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Short-term borrowings	¥ —	¥ 96	$ 977
Long-term borrowings due within one year	5,338	8,761	89,189
Lease obligations due within one year	—	85	865
Total	¥5,338	¥8,942	$91,031

The weighted average interest rates on short-term borrowings outstanding at March 31, 2009 was 4.77%.

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Loans, principally from banks, maturing in installments through March 31, 2011; the weighted average interest rates of current installments at March 31, 2009 was 0.70% and non-current installments at March 31, 2009 was 0.78%	¥16,000	¥20,752	$211,260
Lease obligations maturing in installments through March 31, 2014; the weighted average interest rates of current installments at March 31, 2009 was 4.20% and non-current installments at March 31, 2009 was 2.90%	—	396	4,031
Subtotal	16,000	21,148	215,291
Less long-term borrowings due within one year	(5,338)	(8,761)	(89,189)
Less lease obligations due within one year	—	(85)	(865)
Total	¥10,662	¥12,302	$125,237

The aggregate annual maturities of long-term borrowings and lease obligations outstanding at March 31, 2009 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2010	¥ 8,845	$ 90,044
2011	8,743	89,005
2012	3,411	34,725
2013	61	621
2014	39	397
2015–2016	49	499
Total	¥21,148	$215,291

10 Trade Payables

Trade payables at March 31, 2008 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Notes payable	¥ 8,188	¥ 7,130	$ 72,585
Accounts payable–trade	34,415	29,631	301,649
Total	¥42,603	¥36,761	$374,234

11 Retirement and Severance Benefits

The plan's funded status and amounts recognized in the accompanying consolidated balance sheets at March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Employee retirement and severance benefits:			
Projected benefit obligations	¥ 13,544	¥14,254	$145,108
Plan assets at fair value	(10,531)	(9,326)	(94,940)
Projected benefit obligation in excess of plan assets	3,013	4,928	50,168
Unrecognized loss	(1,996)	(3,532)	(35,956)
Unrecognized prior service cost	413	373	3,797
Net retirement and severance benefits recognized on the balance sheet	1,430	1,769	18,009
Prepaid pension cost	141	137	1,395
Accrued retirement and severance benefits	1,571	1,906	19,404
Directors' and corporate auditors' retirement and severance benefits:			
Accrued retirement and severance benefits	27	47	478
Total accrued retirement and severance benefits	¥ 1,598	¥ 1,953	$ 19,882

Notes:
1. In addition to the above plan assets, plan assets of ¥539 million and ¥438 million ($4,459 thousand) at March 31, 2008 and 2009, respectively, are managed by a governmental welfare pension benefit plan, which was jointly established by the Company and various third-party companies. The aforementioned plan assets are computed on a pro-rata allocation of contributions paid.
2. Certain consolidated subsidiaries use a simplified method for calculating projected benefit obligations.

Net periodic cost of employee retirement and severance benefits for the years ended March 31, 2008 and 2009 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Service cost for benefits earned–net of employee contributions	¥1,471	¥1,628	$16,573
Interest cost on projected benefit obligation	237	245	2,494
Expected return on plan assets	(254)	(275)	(2,800)
Amortization of unrecognized actuarial gain or loss	237	286	2,912
Amortization of prior service cost	(40)	(40)	(407)
Net periodic cost	¥1,651	¥1,844	$18,772

Notes:
1. In addition to the net periodic cost of employee retirement and severance benefits, contributions to the governmental welfare pension benefit plan are charged to "Cost of sales" and "Selling, general and administrative expenses." Contributions to the governmental welfare pension benefit plan of ¥38 million and ¥31 million ($316 thousand) were charged to "Cost of sales" and "Selling, general and administrative expenses" in the years ended March 31, 2008 and 2009, respectively. Also, additional retirement allowances of ¥118 million and ¥98 million ($998 thousand) were charged to "Selling, general and administrative expenses" in the years ended March 31, 2008 and 2009, respectively. In addition, for certain domestic consolidated subsidiaries, as part of a second career support system / early retirement system, special retirement benefits included ¥553 million ($5,630 thousand) in additional retirement allowances in the year ended March 31, 2009, which was recorded as "other income (loss)."
2. The retirement benefit expense of consolidated subsidiaries that use a simplified method is recorded as service cost.
3. The defined contribution amounts for the Company and certain consolidated subsidiaries that have established defined contribution retirement pension systems is recorded as a service cost.
4. The contributions of certain consolidated subsidiaries that simultaneously participate in the Smaller Enterprise Retirement Allowance Mutual Aid Scheme are recorded as service cost.

Actuarial assumptions and the basis for the calculation of retirement and severance benefits in 2008 and 2009 are as follows:

	2008	2009
Method of benefit attribution	“Benefit/year-of-service” approach	“Benefit/year-of-service” approach
Discount rate	2.0%	1.7%~2.0%
Expected rate of return on plan assets	2.0%~3.0%	2.5%~3.0%
Period of amortization		
of unrecognized prior service cost	10 years	10~11years
Period of amortization		
of unrecognized actuarial gain or loss	9~17 years	9~19 years
	(from the year following the year incurred)	(from the year following the year incurred)

12 Income Taxes

The Company and its domestic consolidated subsidiaries are subject to Japanese corporate, inhabitant, and enterprise taxes based on income which, in the aggregate, resulted in a normal tax rate of approximately 40.6% in 2008 and 2009.

Income tax expenses reflected in the accompanying consolidated statements of income for the years ended March 31, 2008 and 2009 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Current	¥14,845	¥ 9,843	$100,204
Previous	—	1,173	11,941
Deferred	(2,210)	(1,956)	(19,912)
Total	¥12,635	¥ 9,060	$ 92,233

Reconciliation of the normal tax rate and the effective tax rate as a percentage of income before income taxes and minority interests for the years ended March 31, 2008 and 2009 is as follows:

	2008	2009
Normal tax rate	40.6%	40.6%
Amortization of goodwill	1.9	7.6
Increase (decrease) in valuation allowance for deferred tax assets	(14.1)	6.6
Income tax for previous period	—	5.5
Entertainment expenses not deductible for tax purposes	0.8	1.6
Corporate inhabitant tax on per capita basis	0.6	1.2
Reversal of deferred tax liabilities for retained earnings		
of foreign consolidated subsidiaries	—	(17.2)
Lower tax rates of foreign consolidated subsidiaries	(0.9)	(3.4)
Directors’ bonuses	0.5	—
Tax credit for R&D expenses	(1.3)	—
Other	(0.6)	0.4
Effective tax rate	27.5%	42.9%

Significant components of deferred tax assets and liabilities at March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Deferred tax assets:			
Land revaluation	¥ 3,036	¥ 3,036	$ 30,907
Excess depreciation of fixed assets	4,830	4,472	45,526
Losses carried forward	2,983	8,411	85,626
Loss on valuation of advance payments	924	941	9,580
Inventory valuation losses	1,253	3,085	31,406
Accrued employee bonuses	1,743	1,208	12,298
Allowance for doubtful receivables	906	800	8,144
Loss on impairment of fixed assets	1,537	802	8,165
Accrued enterprise taxes and others	801	733	7,462
Accrued retirement and severance benefits	580	738	7,513
Research and development costs	614	507	5,161
Other securities valuation difference	—	927	9,437
Other	5,742	3,467	35,293
Total gross deferred tax assets	24,949	29,127	296,518
Valuation allowance	(11,714)	(15,879)	(161,651)
Total deferred tax assets	13,235	13,248	134,867
Deferred tax liabilities:			
Retained earnings of foreign consolidated subsidiaries	(4,178)	(592)	(6,027)
Other securities valuation difference	(1,294)	(490)	(4,988)
Land revaluation	(684)	(674)	(6,861)
Reserve for deferred income tax	(135)	(128)	(1,303)
Other	(76)	(161)	(1,639)
Total gross deferred tax liabilities	(6,367)	(2,045)	(20,818)
Net deferred tax assets	¥ 6,868	¥ 11,203	$ 114,049

Net deferred tax assets are included in the following line items in the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Current assets–Deferred tax assets	¥ 5,909	¥ 6,146	$ 62,567
Investments and other assets–Deferred tax assets	6,291	7,125	72,534
Current liabilities–Other (deferred tax liabilities)	(600)	(970)	(9,874)
Long-term liabilities–Deferred tax liabilities	(4,732)	(1,098)	(11,178)
Total	¥ 6,868	¥11,203	$114,049

13 Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Marketing	¥ 30,550	¥ 28,410	$ 289,219
Directors' remuneration and employees' wages	30,884	27,992	284,964
Employees' retirement and severance benefits	1,116	1,247	12,695
Provision for directors' bonuses	498	626	6,373
Directors' and corporate auditors' retirement and severance benefits	46	13	132
Research and development	17,583	17,512	178,275
Allowance for doubtful receivables, investments, and other assets	56	135	1,374
Other	49,929	47,740	486,003
Total selling, general and administrative expenses	¥130,662	¥123,675	$1,259,035

14 Reconciliation of Differences between Basic and Diluted Net Income per Common Share

The reconciliation of the differences between basic and diluted net income per common share for the years ended March 31, 2008 and 2009 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Net income	¥32,679	¥11,830	$120,432
Net income available to common stockholders	32,679	11,830	120,432
Effect of dilutive securities:			
Stock options in a consolidated subsidiary	—	—	—
Net income for diluted EPS calculation	¥32,679	¥11,830	$120,432

	Thousands of shares	
Average number of common shares outstanding	254,025	246,743
Effect of dilutive securities:		
Stock options	341	313
Average number of common shares for diluted EPS calculation	254,366	247,056

	Yen		U.S. dollars
Net income per common share:			
Basic	¥128.65	¥47.95	$0.49
Diluted	128.47	47.88	0.49

15 Retained Earnings and Dividends

In Japan, in the event a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as a legal reserve until the aggregate amount of capital surplus and the legal reserve equals 25% of stated capital.

Certain foreign consolidated subsidiaries are also required to appropriate their earnings to legal reserves under the laws of the respective countries.

The Company's retained earnings includes legal reserves of ¥1,645 million and ¥1,645 million ($16,746 thousand) at March 31, 2008 and 2009, respectively. Proposed appropriations of retained earnings have not been reflected in the consolidated financial statements at the end of the fiscal year. The Company's approved appropriations of retained earnings at March 31, 2009, were cash dividends of ¥2,897 million ($29,492 thousand). In addition, a mid-year dividend may be paid based on approval by the Board of Directors, which is subject to limitations. The mid-year dividend in 2009 was ¥2,957 million ($30,103 thousand).

16 Land Revaluation

In accordance with the "Law Concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998)", the Company revalued its land used for business purposes on March 31, 2002. The write-down in the value of the land (¥20,769 million), net of related deferred tax assets and liabilities, was reported as "Land revaluation" in "Net assets".

Revaluation method:

The fair value of land is determined based on official notice prices that are calculated by the method assessed and published by the Commissioner of the National Tax Agency. The Commissioner assesses and publishes the method to calculate land value that forms the foundation for calculating taxable value for land value tax prescribed in "Article 16 of Land Value Tax Law (Law No. 69, promulgated on May 2, 1991)", as stipulated in "Article 2-4 of the Ordinance Implementing the Law Concerning Land Revaluation (Cabinet Order No. 119, promulgated on March 31, 1998)". Reasonable adjustments are made to the official notice prices.

In fiscal 2009, unrealized losses for land of ¥158 million ($1,608 thousand) were recognised based on the difference between the land carrying amount, which was revalued in fiscal 2002, and the fair market value of the land as of March 31, 2009.

17 Common Stock and Treasury Stock

The changes in the number of common stock and treasury stock for the year ended March 31, 2009 were as follows:

Common stock (number of shares)	
March 31, 2008	256,080,191
Retirement of treasury stock	(6,080,191)
March 31, 2009	250,000,000

Treasury stock (number of shares)	
March 31, 2008	1,766,271
Purchase of treasury stock in accordance with a decision made by the Board of Directors	13,000,000
Repurchase of fractional shares	6,550
Increase in the shareholder ratio for affiliates to which the equity method applies	3,126
Retirement of treasury stock	(6,080,191)
Sale of fractional shares	(960)
March 31, 2009	8,694,796

18 Stock Option Plan

The following are details of the stock option plan at March 31, 2009.

Resolution date of general shareholders' meeting	June 26, 2006	June 26, 2006	June 26, 2006
Position and number of beneficiaries	Directors of the Company (8)	Directors of subsidiaries (14)	Employees of the Company (20) and subsidiaries (561)
Type and number of shares (Note 1)	Common stock 126,300	Common stock 142,100	Common stock 1,776,000
Amount to be paid upon exercise of stock subscription rights (yen)	1	1	1,754
Grant date	July 18, 2006	July 18, 2006	July 18, 2006
Conditions for exercising rights	(Note 2)	(Note 3)	(Note 4)
Required service	Not specified	Not specified	From July 18, 2006 to July 9, 2008
Applicable period for exercising rights	From July 10, 2009 to June 30, 2014	From July 10, 2009 to June 30, 2014	From July 10, 2008 to June 30, 2010
Matters relating to the transfer of stock subscription rights	Approval of the directors of NAMCO BANDAI Holdings Inc. required for the transfer of stock subscription rights	Approval of the directors of NAMCO BANDAI Holdings Inc. required for the transfer of stock subscription rights	Approval of the directors of NAMCO BANDAI Holdings Inc. required for the transfer of stock subscription rights
Fair market price of stock options (yen) (Note 5)	1,550.90	1,550.90	219.07

Resolution date of general shareholders' meeting	June 26, 2006	June 25, 2007	June 25, 2007
Position and number of beneficiaries	Employees of subsidiaries (226)	Directors of the Company (6)	Directors of subsidiaries (84)
Type and number of shares (Note 1)	Common stock 572,000	Common stock 92,600	Common stock 257,700
Amount to be paid upon exercise of stock subscription rights (yen)	1,895	1	1
Grant date	April 18, 2007	July 19, 2007	July 19, 2007
Conditions for exercising rights	(Note 4)	(Note 2)	(Note 3)
Required service	From April 18, 2007 to March 31, 2009	Not specified	Not specified
Applicable period for exercising rights	From April 1, 2009 to June 30, 2010	From July 10, 2010 to June 30, 2015	From July 10, 2010 to June 30, 2015
Matters relating to the transfer of stock subscription rights	Approval of the directors of NAMCO BANDAI Holdings Inc. required for the transfer of stock subscription rights	Approval of the directors of NAMCO BANDAI Holdings Inc. required for the transfer of stock subscription rights	Approval of the directors of NAMCO BANDAI Holdings Inc. required for the transfer of stock subscription rights
Fair market price of stock options (yen) (Note 5)	279.13	1,893.38	1,893.38

Notes:

1. Regarding the method for estimating the number of effective rights of stock options, since it is difficult to rationally estimate the number of expired options at a future date, the number of previously expired options was therefore used.
2. If, after subscription rights are allocated, the Company's stock price growth rate up to the start of the period for exercising those rights does not exceed the TOPIX (Tokyo Stock Price Index) growth rate, those subscription rights cannot be exercised. The Company's stock price growth rate shall be calculated as the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within the previous three months prior to the month in which the starting date for the period for exercising the subscription rights falls (except if there is no trading) divided by the average closing price for common shares of the Company on the Tokyo Stock Exchange on each of the days within three months prior to the month in which the allotment date falls (except if there is no trading). The TOPIX growth rate is calculated in the same way as the Company's stock price growth rate.
3. The annual target for business performance and evaluation period (3 years from the time of the issuance of rights to the time it is possible to exercise those rights) shall be determined, based on sales, operating income and other measures of the strategic business unit to which the subsidiary officer who is the target of the allotment belongs at the time of issuance of the subscription rights. The annual target should be used as the evaluation index, and the ratio of achievement of that target shall be measured for each fiscal year during that evaluation period. If the ratio of achievement at the end of the evaluation period is above 50% on average during the evaluation period, those rights may be exercised. However, even in that case, the number of shares that can be acquired by exercising those rights shall be based on a ratio equivalent to the average ratio of achievement (maximum of 100%).
4. (i) Any person receiving an allotment of subscription rights (hereinafter referred to as "Holder(s) of Subscription Rights") must be an employee of the Company or of its Group Companies at the time those rights are issued.
   (ii) Regardless of the regulation in (i), if the Holder of Subscription Rights leaves the Company due to his or her own personal reasons, that person may only possess and exercise the corresponding rights up to 6 months from the time of leaving. However, he or she may not possess and exercise the corresponding rights beyond the period for exercising those rights. In addition, if that person leaves upon the Company's request or for any other reason that the Company accepts, those rights and the period for exercising those rights shall remain unchanged.
5. The Black-Scholes Model is used for estimating fair market price for stock options.

19 Leases

1. Lessee

The Company and its subsidiaries occupy offices and other facilities under various finance and operating lease arrangements.

(1) Finance leases

The pro-forma original cost and accumulated depreciation of assets under such finance leases as if they had been accounted for as finance leases at March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Original cost at inception of leases	¥1,107	¥ 779	$ 7,930
Less accumulated depreciation	(559)	(502)	(5,110)
Assets under finance leases, net	¥ 548	¥ 277	$ 2,820

Future minimum payments due under finance leases as of March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Due within one year	¥230	¥156	$1,588
Due after one year	318	121	1,232
Total	¥548	¥277	$2,820

The pro-forma lease expense and depreciation expense for such finance leases as if they had been accounted for as finance leases for the years ended March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Lease expense	¥290	¥209	$2,128
Depreciation expense	290	209	2,128

(2) Operating leases

Future minimum payments required under operating leases at March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Due within one year	¥ 3,487	¥ 3,219	$ 32,770
Due after one year	13,528	9,769	99,450
Total	¥17,015	¥12,988	$132,220

2. Lessor

Finance leases

Finance leases, except for those where the legal title to the underlying property is transferred from the lessor to the lessee, are accounted for similar to operating leases.

The acquisition cost, accumulated depreciation, and net value of assets under such finance leases included in fixed assets at March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Acquisition cost	¥1,367	¥ 648	$ 6,596
Less accumulated depreciation	(752)	(452)	(4,601)
Assets under finance leases, net	¥ 615	¥ 196	$ 1,995

Future minimum payments due under finance leases at March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Due within one year	¥255	¥ 97	$ 987
Due after one year	454	124	1,263
Total	¥709	¥221	$2,250

Lease income and depreciation expense for finance leases for the years ended March 31, 2008 and 2009 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Lease income	¥284	¥170	$1,731
Depreciation expense	250	150	1,527

20 Foreign Exchange Risk Management and Interest Rate Risk Management

Derivative financial instruments are comprised principally of foreign exchange contracts and interest rate swaps. These instruments are used to reduce the risks of changes in foreign exchange rates and interest rates; they are not used for speculation.

The Company is exposed to credit risk related to nonperformance by the counterparties to foreign exchange contracts and interest rate swaps, but the Company does not expect any instances of nonperformance due to the high credit ratings of the counterparties.

Contract amounts, market values, and gains or losses from valuation of foreign exchange contracts outstanding at March 31, 2008 and 2009 are as follows. The contracted amounts in themselves should not be considered indicative of the market risk associated with the derivative financial instruments.

	Millions of yen						Thousands of U.S. dollars		
	2008			2009			2009		
	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)	Contract amount	Estimated fair value	Unrealized gain (loss)
Foreign exchange contracts									
Sold:									
British pounds	¥ 561	¥ 549	¥ 12	¥ —	¥ —	¥ —	$ —	$ —	$ —
Yen	856	882	(26)	728	823	(95)	7,411	8,378	(967)
Won	230	223	7	161	166	(5)	1,639	1,690	(51)
Purchased:									
U.S. dollars	2,613	2,348	(265)	952	976	24	9,692	9,936	244
Yen	—	—	—	12	12	—	122	122	—
Total	¥ —	¥ —	¥(272)	¥ —	¥ —	¥(76)	$ —	$ —	$(774)

Notes:
1. The above table does not include any derivative financial instruments which are treated as effective hedges of the hedged assets and/or liabilities.
2. The above foreign exchange contracts were originally utilized to manage risks arising from foreign currency receivables and payables between consolidated companies, which were eliminated in the consolidated financial statements.

21 Commitments and Contingent Liabilities

Contingent liabilities as of March 31, 2008 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2009	2009
Guarantee for lease agreement made by a business partner of a foreign consolidated subsidiary	¥83	¥—	$—

22 Segment Information

(1) Business segments

Millions of yen

2008	Toys and Hobby	Amusement Facility	Game Contents	Network	Visual and Music Content	Other	Subtotal	Eliminations and corporate	Consolidated
Net sales and Operating income:									
Sales to external customers	¥175,992	¥89,430	¥137,947	¥11,688	¥36,020	¥ 9,397	¥460,474	¥ —	¥460,474
Intersegment transactions	4,173	399	7,726	356	930	10,414	23,998	(23,998)	—
Subtotal	180,165	89,829	145,673	12,044	36,950	19,811	484,472	(23,998)	460,474
Cost of sales and operating expenses	165,855	88,198	130,879	11,140	33,118	19,057	448,247	(21,184)	427,063
Operating income	¥ 14,310	¥ 1,631	¥ 14,794	¥ 904	¥ 3,832	¥ 754	¥ 36,225	¥ (2,814)	¥ 33,411
Assets, Depreciation, Impairment losses, and Capital expenditures:									
Assets	¥160,335	¥62,034	¥118,786	¥11,753	¥52,897	¥20,535	¥426,340	¥(13,317)	¥413,023
Depreciation	9,129	11,313	4,643	223	1,352	1,666	28,326	(562)	27,764
Loss on impairment of fixed assets	940	3,291	17	—	—	—	4,248	—	4,248
Capital expenditures	9,226	9,828	3,439	1,043	10,080	485	34,101	14	34,115

Millions of yen

2009	Toys and Hobby	Amusement Facility	Game Contents	Network	Visual and Music Content	Other	Subtotal	Eliminations and corporate	Consolidated
Net sales and Operating income:									
Sales to external customers	¥163,068	¥76,917	¥133,722	¥10,499	¥33,634	¥ 8,560	¥426,400	¥ —	¥ 426,400
Intersegment transactions	2,657	353	5,683	391	1,005	10,450	20,539	(20,539)	—
Subtotal	165,725	77,270	139,405	10,890	34,639	19,010	446,939	(20,539)	426,400
Cost of sales and operating expenses	154,192	76,877	128,465	10,221	34,600	18,444	422,799	(18,747)	404,052
Operating income	¥ 11,533	¥ 393	¥ 10,940	¥ 669	¥ 39	¥ 566	¥ 24,140	¥ (1,792)	¥ 22,348
Assets, Depreciation, Impairment losses, and Capital expenditures:									
Assets	¥130,405	¥54,400	¥108,965	¥11,092	¥48,071	¥19,207	¥372,140	¥(8,695)	¥363,445
Depreciation	8,973	9,571	3,766	308	3,113	927	26,658	85	26,743
Loss on impairment of fixed assets	63	776	—	—	14	78	931	23	954
Capital expenditures	6,724	6,713	2,527	83	885	385	17,317	164	17,481

	Thousands of U.S. dollars								
	2009								
	Toys and Hobby	Amusement Facility	Game Contents	Network	Visual and Music Content	Other	Subtotal	Eliminations and corporate	Consolidated
Net sales and Operating income:									
Sales to external customers	$1,660,064	$783,030	$1,361,315	$106,882	$342,400	$ 87,142	$4,340,833	$ —	$4,340,833
Intersegment transactions	27,049	3,594	57,854	3,980	10,231	106,383	209,091	(209,091)	—
Subtotal	1,687,113	786,624	1,419,169	110,862	352,631	193,525	4,549,924	(209,091)	4,340,833
Cost of sales and operating expenses	1,569,704	782,622	1,307,798	104,052	352,235	187,763	4,304,174	(190,848)	4,113,326
Operating income	$ 117,409	$ 4,002	$ 111,371	$ 6,810	$ 396	$ 5,762	$ 245,750	$ (18,243)	$ 227,507
Assets, Depreciation, Impairment losses, and Capital expenditures:									
Assets	$1,327,548	$553,802	$1,109,284	$112,919	$489,372	$195,532	$3,788,457	$(88,518)	$3,699,939
Depreciation	91,347	97,435	38,339	3,135	31,691	9,437	271,384	865	272,249
Loss on impairment of fixed assets	641	7,901	—	—	143	794	9,479	234	9,713
Capital expenditures	68,452	68,340	25,725	845	9,009	3,919	176,290	1,670	177,960

Notes:

1. The industry segments used above are those used for internal management purposes.
2. Main products in each business segment:
   (1) Toys and Hobby: toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery.
   (2) Amusement Facility: amusement facilities operation.
   (3) Game Contents: home-use video game software, commercial-use video game machines, prizes for amusement arcade machines.
   (4) Network: mobile contents.
   (5) Visual and Music Content: video products, video software, on-demand video distribution.
   (6) Other: transportation and storage of products, leases, real estate management, printing, development and sales of environmental devices.
3. Unallocatable operating expenses included in the "Eliminations and Corporate" column under "Operating expenses" were ¥3,253 million and ¥3,087 million ($31,426 thousand) for the years ended March 31, 2008 and 2009, respectively. The majority of these costs represent administrative costs incurred by the general administration department of the Company and NAMCO BANDAI Holdings (USA) Inc.
4. Unallocatable assets included in the "Eliminations and Corporate" column under "Assets" approximated ¥26,151 million and ¥36,217 million ($368,696 thousand) as of March 31, 2008 and 2009, respectively. The significant assets included in the amounts were surplus operating funds (cash and time deposits) of the Company, long-term investment funds (investment securities), and assets held by the administrative sections.
5. Depreciation includes amortization of goodwill, but does not includes extraordinary depreciation of fixed assets.
6. From fiscal 2008, as described in Summary of Significant Accounting Policies (i), the Company and some of its domestic consolidated subsidiaries have, in accordance with the revision of the Japanese Corporation Tax Law, changed their depreciation method with respect to assets acquired on or after April 1, 2007.
   These changes had the following effect on Operating Income for each segment in fiscal 2008:

	Millions of yen								
	Toys and Hobby	Amusement Facility	Game Contents	Network	Visual and Music Content	Other	Subtotal	Eliminations and corporate	Consolidated
Operating income	(682)	(4)	(175)	(14)	(105)	(9)	(989)	—	(989)

7. As described in the Summary of Significant Accounting Policies (i), due to the revision of the Japanese Corporate Tax Law, the Company and some of its domestic consolidated subsidiaries depreciate the difference between the original residual value of 5% of acquisition cost of assets acquired on or before March 31, 2007, and the new residual value of ¥1 (memorandum value) by the straight line method over 5 years commencing from the fiscal year following the year in which the asset becomes fully depreciated to the original residual value.
   These changes had the following effect on Operating Income for each segment in fiscal 2008.

	Millions of yen								
	Toys and Hobby	Amusement Facility	Game Contents	Network	Visual and Music Content	Other	Subtotal	Eliminations and corporate	Consolidated
Operating income	(161)	—	(20)	(3)	—	(3)	(187)	—	(187)

(2) Geographic segments

	Millions of yen						
	2008						
	Japan	Americas	Europe	Asia, Excluding Japan	Subtotal	Eliminations and corporate	Consolidated
Net sales and Operating income:							
Sales to external customers	¥346,736	¥52,623	¥46,388	¥14,727	¥460,474	¥ —	¥460,474
Intersegment transactions	13,961	1,943	10	23,206	39,120	(39,120)	—
Subtotal	360,697	54,566	46,398	37,933	499,594	(39,120)	460,474
Cost of sales and operating expenses	336,217	52,248	39,567	35,078	463,110	(36,047)	427,063
Operating income	¥ 24,480	¥ 2,318	¥ 6,831	¥ 2,855	¥ 36,484	¥ (3,073)	¥ 33,411
Assets	¥321,489	¥35,620	¥48,864	¥23,939	¥429,912	¥(16,889)	¥413,023

	Millions of yen						
	2009						
	Japan	Americas	Europe	Asia, Excluding Japan	Subtotal	Eliminations and corporate	Consolidated
Net sales and Operating income:							
Sales to external customers	¥319,535	¥48,338	¥45,005	¥13,522	¥426,400	¥ —	¥426,400
Intersegment transactions	13,999	2,596	16	23,855	40,466	(40,466)	—
Subtotal	333,534	50,934	45,021	37,377	466,866	(40,466)	426,400
Cost of sales and operating expenses	317,671	50,060	38,773	35,088	441,592	(37,540)	404,052
Operating income	¥ 15,863	¥ 874	¥ 6,248	¥ 2,289	¥ 25,274	¥ (2,926)	¥ 22,348
Assets	¥293,054	¥28,703	¥37,035	¥19,397	¥378,189	¥(14,744)	¥363,445

	Thousands of U.S. dollars						
	2009						
	Japan	Americas	Europe	Asia, Excluding Japan	Subtotal	Eliminations and corporate	Consolidated
Net sales and Operating income:							
Sales to external customers	$3,252,927	$492,090	$458,159	$137,657	$4,340,833	$ —	$4,340,833
Intersegment transactions	142,512	26,428	163	242,848	411,951	(411,951)	—
Subtotal	3,395,439	518,518	458,322	380,505	4,752,784	(411,951)	4,340,833
Cost of sales and operating expenses	3,233,952	509,620	394,716	357,202	4,495,490	(382,164)	4,113,326
Operating income	$ 161,487	$ 8,898	$ 63,606	$ 23,303	$ 257,294	$ (29,787)	$ 227,507
Assets	$2,983,346	$292,202	$377,023	$197,465	$3,850,036	$(150,097)	$3,699,939

Notes:
1. Definition of geographic segments and main countries and regions in geographic segments:
   (1) Foreign geographic segments are defined by geographic region, similarity of economic activities, and interrelation of business activities.
   (2) The main countries and regions in each geographic segment are as follows:
      1) Americas: United States and Canada
      2) Europe: France, United Kingdom, and Spain
      3) Asia, Excluding Japan: Hong Kong, Thailand, and Korea
      In fiscal 2009, accompanying the new establishment of BANDAI (SHENZHEN) CO., LTD., China was added to the Asia segment.
2. Unallocatable operating expenses included in the "Eliminations and Corporate" column under "Operating expenses" were ¥3,253 million and ¥3,087 million ($31,426 thousand) for the years ended March 31, 2008 and 2009, respectively. The majority of these costs represent administrative costs incurred by the general administration department of the Company and NAMCO BANDAI Holdings (USA) Inc.
3. Assets included in the "Eliminations and Corporate" column under "Assets" approximated ¥26,151 million and ¥36,217 million ($368,696 thousand) as of March 31, 2008 and 2009, respectively. The significant assets included in the amounts were surplus operating funds (cash and time deposits) of the Company, long-term investment funds (investment securities) and assets held by the administrative sections.
4. From fiscal 2008, as described in Summary of Significant Accounting Policies (i), the Company and some of its domestic consolidated subsidiaries have, in accordance with the revision of the Japanese Corporation Tax Law, changed their depreciation method with respect to assets acquired on or after April 1, 2007.
   As a result of this change, consolidated operating expenses in Japan in fiscal 2008 increased ¥989 million and operating income decreased by the same amount.
5. As described in the "Summary of Significant Accounting Policies (i), due to the revision of the Japanese Corporate Tax Law, the Company and some of its domestic consolidated subsidiaries depreciate the difference between the original residual value of 5% of acquisition cost of assets acquired on or before March 31, 2007 and the new residual value of ¥1 (memorandum value) by the straight line method over 5 years commencing from the fiscal year following the year in which the asset becomes fully depreciated to the original residual value.
   As a result of this change, consolidated operating expenses in Japan in fiscal 2008 increased ¥187 million and operating income decreased by the same amount.

(3) Foreign sales

Millions of yen

	2008				2009			
	Americas	Europe	Asia	Total	Americas	Europe	Asia	Total
Foreign sales	¥54,835	¥47,855	¥20,233	¥122,923	¥50,618	¥46,005	¥17,444	¥114,067
Consolidated sales				460,474				426,400
Share of sales to customers outside Japan	11.9%	10.4%	4.4%	26.7%	11.9%	10.8%	4.1%	26.8%

Thousands of U.S. dollars

	2009			
	Americas	Europe	Asia	Total
Foreign sales	$515,301	$468,340	$177,583	$1,161,224
Consolidated sales				4,340,833
Share of sales to customers outside Japan	11.9%	10.8%	4.1%	26.8%

Notes:
1. Foreign sales are defined as total sales by the Company and its consolidated subsidiaries in countries and regions other than Japan.
2. Segmentation by country or by region and the main countries and regions in each geographic segment are as follows:
   (1) Foreign geographic segments are defined by geographic region, similarity of economic activities, and interrelation of business activities.
   (2) The main countries and regions in each geographic segment are as follows:
      1) Americas: United States, Canada, and Latin America
      2) Europe: France, United Kingdom, Spain, Middle East, and Africa
      3) Asia, Excluding Japan: Hong Kong, Singapore, Thailand, Korea, Australia, China, and Taiwan

23 Related Party Disclosures

From fiscal 2009, the "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11, issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13, issued on October 17, 2006) have been adopted.

As a result, transactions with Happinet Corporation have been added to the scope of disclosure of transactions with related parties.

Transactions with Related Parties

Transactions with related parties by consolidated subsidiaries of the Company

Non-consolidated subsidiaries and affiliated companies, etc., of the Company

Type	Company	Address	Capital or Contribution to Capital	Content of business	Ratio of voting rights ownership	Relationship with related parties	Content	Amount	Account items	Balance at the end of this term
Affiliated companies	Happinet Corporation	Taito-ku Tokyo	¥2,751 Million ($28,006 Thousand)	Wholesaler of Toys, Video game and Amusement products.	Holding driectly 26.0% indirectly 0.3%	Sales agency	Sales of products, etc. (Note 2)	¥38,644 Million ($393,403 Thousand)	Account receivable-trade	¥7,445 Million ($75,792 Thousand)

Notes:
1. The above transaction amount does not include consumption tax; the balance at the end of this term includes consumption tax.
2. Transaction terms and policy for determining transaction terms.
   For the transaction stated above, the products were sold on the same terms as in general transactions.

24 Business Combinations

(Transactions of entities under common control, etc.)

Organizational Restructuring of the Domestic Group

1. Names and Business Content of Restructured Companies, Legal Form of Business Combinations, and Overview of the Transaction Including Transaction Objectives

(1) Names and Business Content of Restructured Companies

(i) NAMCO BANDAI Games Inc.

Planning, development and sales of home video game software and coin-operated game machines, etc.

(ii) NAMCO LIMITED

Management of amusement facilities, etc.

(iii) Banpresto Co., Ltd. (a newly-incorporated company in an incorporation-type company split)

Planning, development and sales of prizes, etc., for coin-operated game machines.

(iv) Bandai Co., Ltd.

Manufacturing and sales of toys, apparel and related products.

(v) NAMCO BANDAI Holdings Inc. (the Company)

Planning and implementation of management strategy and business management and instruction of the group companies.

(2) Legal Form of Business Combinations

(i) An incorporation-type company split of Banpresto Co., Ltd., with the establishment of a subsidiary (the new Banpresto Co., Ltd).

(ii) An absorption-type company split in which Banpresto Co., Ltd. is the split company and NAMCO LIMITED is the successor company.

(iii) An absorption-type company split in which Banpresto Co., Ltd. is the split company and the Company is the successor company.

(iv) An absorption-type merger in which Banpresto Co., Ltd. is the merged company and NAMCO BANDAI Games Inc. is the surviving company.

(v) An absorption-type company split in which Bandai Co., Ltd. is the split company and the Company is the successor company.

(3) Overview of Transaction Including Transaction Objectives

An organizational restructuring of the group companies in Japan was carried out as of April 1, 2008, to maximize the value of the group companies.

(i) Transfer and Integration of Game Operations of Banpresto Co., Ltd.

The game operations of Banpresto Co., Ltd., which planned and developed home video game software and coin-operated game machines, was transferred to NAMCO BANDAI Games Inc., which integrates the Group game operations; Pleasure Cast Co., Ltd., and Hanayashiki Co., Ltd., engaged in operating amusement facilities, as subsidiaries of Banpresto, were made subsidiaries of NAMCO LIMITED, which integrates the amusement facilities operation business of the Group. Banpresto Co., Ltd. was redefined as focusing on the prize business, with an emphasis on prizes for coin-operated game machines.

(ii) Consolidation of Subsidiaries with Group Support Functions

As of April 1, 2008, a Shared Services Division was established within the Company and the share management operations for NAMCO BANDAI Business Services Inc., and Artpresto Co., Ltd., which had been carried out by Bandai Co., Ltd., and Banpresto Co., Ltd., were transferred to the Company.

2. Overview of Accounting Process

The accounting process for the consolidated financial statements was conducted as transactions of entities under common control, handled in accordance with the provisions of the "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, final revision issued on November 15, 2007).

25 Significant Subsequent Events

(Transactions conducted by commonly controlled entities, etc.)
The merger of subsidiaries and succession to part of the businesses of subsidiaries due to a company split in the course of the restructuring of the Group's businesses

On April 1, 2009, NAMCO BANDAI Games Inc. merged with and absorbed Bandai Networks Co., Ltd. due to an absorption-type merger. Also, the Company succeeded to a part of the share management business that had been carried out by Bandai Networks Co., Ltd., due to the company split (absorption-type company split) on such date.

1. Names and Business Content of Combined Companies, Legal Form of Business Combination, and Overview of Transaction Including Transaction Objectives

(1) Names and Business Content of Combined Companies

(i) NAMCO BANDAI Games Inc.
Planning, development, and sales of home video game software and coin-operated game machines, etc.

(ii) Bandai Networks Co., Ltd.
Distribution of content for mobile phones, consignment of website development, mail order sales, etc.

(iii) NAMCO BANDAI Holdings Inc. (the Company)
Planning and implementation of management strategy and business management and instruction of the group companies.

(2) Legal Form of the Business Combinations

(i) An absorption-type merger in which Bandai Networks Co., Ltd. is the disappearing company; and NAMCO BANDAI Games Inc. is the surviving company.

(ii) An absorption-type company split in which Bandai Networks Co., Ltd. is the split company; and the Company is the successor company.

(3) Overview of Transaction Including Transaction Objectives

The Group has considered what its optimal organizational structure would be to work for further growth in the network-related market, which includes distributing content for mobile phones: this is a market for which technological progress and other factors have produced drastic changes in the environment and in which competition is becoming increasingly intense on a global scale. Thus far, NAMCO BANDAI Games Inc. has strengths in leveraging its in-house technical development capabilities and effectively utilizing content for each platform, including home video game software, coin-operated game machines, and mobile phones. Also, Bandai Networks Co., Ltd. has strengths in the comprehensive development of operations, such as e-commerce, centered on the distribution of mobile phone content and the provision of technical solutions. NAMCO BANDAI Games Inc., and Bandai Networks Co., Ltd., have each worked to grow their businesses by leveraging their respective strengths.

This time, the merger of these two companies and the establishment of a new business unit within NAMCO BANDAI Games Inc. are designed to reinforce the total power of the network business within the Group and to create new content and businesses through the synergistic fusion of varied strengths.

In addition, upon this restructuring within the Group, the Company has succeeded to part of the share management business that had been carried out by Bandai Networks Co., Ltd., due to the company split (absorption-type company split).

2. Overview of Accounting Process

The accounting process for the consolidated financial statements was conducted as transactions conducted by commonly controlled entities, handled in accordance with the provisions of the "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, final revision issued on November 15, 2007).

(Capital increase in a subsidiary)

As of April 27, 2009, the Company carried out a paid-in capital increase of 50 million euros in BANDAI S.A., a subsidiary of the Company.

In addition, as of June 16, 2009, Bandai S.A., a subsidiary of the Company carried out a paid-in capital increase of 50 million euros in NAMCO BANDAI Games Europe S.A.S., a subsidiary of BANDAI S.A.

Reason for capital increase and use of the funds

The capital increase was carried out to secure the funds for the acquisition of shares in Distribution Partners S.A.S. from Atari Europe S.A.S. by NAMCO BANDAI Games Europe S.A.S., a subsidiary of BANDAI S.A. and the funds are used for the acquisition.

(Change in segment classification by type of operation)

On April 1, 2009, with the objective of achieving further growth in network-related markets, two of the Company's consolidated subsidiaries were combined in an absorption-type merger, with Bandai Networks Co., Ltd., as the disappearing company and NAMCO BANDAI Games Inc. as the surviving company. Accompanying this merger, the classification of operations was reviewed, and as a result, because of similarities in business characteristics, such as nature of services, content development, and response to media diversification, it was decided to combine the Network segment and the Game Contents segment from the next consolidated fiscal year.

Segment information in fiscal 2009, prepared according to the new segment classification, is presented below.

Millions of yen

	2009							
	Toys and Hobby	Amusement Facility	Game Contents	Visual and Music Content	Other	Subtotal	Eliminations and corporate	Consolidated
Net sales and Operating income:								
Sales to external customers	¥163,068	¥76,917	¥144,222	¥33,634	¥ 8,559	¥426,400	¥ —	¥426,400
Intersegment transactions	2,657	353	5,669	1,005	10,450	20,134	(20,134)	—
Subtotal	165,725	77,270	149,891	34,639	19,009	446,534	(20,134)	426,400
Cost of sales and operating expenses	154,192	76,877	138,281	34,600	18,444	422,394	(18,342)	404,052
Operating income	¥ 11,533	¥ 393	¥ 11,610	¥ 39	¥ 565	¥ 24,140	¥ (1,792)	¥ 22,348
Assets, Depreciation, Impairment losses, and Capital expenditures:								
Assets	¥130,405	¥54,400	¥119,605	¥48,071	¥19,207	¥371,688	¥ (8,243)	¥363,445
Depreciation	8,973	9,571	4,074	3,113	927	26,658	85	26,743
Loss on impairment of fixed assets	63	776	—	14	78	931	23	954
Capital expenditures	6,724	6,713	2,610	885	385	17,317	164	17,481

Notes:
1. The industry segments used above are those used for internal management purposes.
2. Main products in each business segment:
   (1) Toys and Hobby: toys, candy toys, products for vending machines, cards, plastic models, apparel, sundries, stationery.
   (2) Amusement Facility: amusement facilities operation.
   (3) Game Contents: home-use video game software, commercial-use video game machines, mobile contents, prizes for amusement arcade machines.
   (4) Visual and Music Content: video products, video software, on-demand video distribution.
   (5) Other: transportation and storage of products, leases, real estate management, printing, development and sales of environmental devices.

Independent Auditors' Report

To the Board of Directors of
NAMCO BANDAI Holdings Inc.:

We have audited the accompanying consolidated balance sheets of NAMCO BANDAI Holdings Inc. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NAMCO BANDAI Holdings Inc.and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 23, 2009

Corporate Data

As of March 31,2009

Corporate Name: NAMCO BANDAI Holdings Inc.

Head Office: NAMCO BANDAI Mirai Kenkyusho
4-5-15, Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-8590, Japan (from June 23, 2009)
URL: www.bandainamco.co.jp

Capital: ¥10 billion

Stock Exchange Listing: Tokyo Stock Exchange, First Section (Code number: 7832)

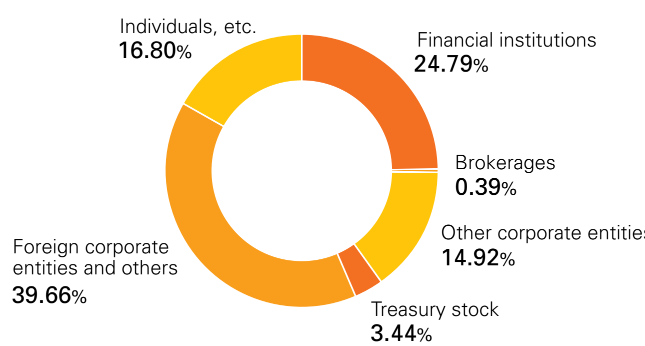
Main Business: Planning and execution of medium- and long-term management strategies for the BANDAI NAMCO Group; provision of support for business strategy implementation by Group companies and management of business activities.

Stock Information: Number of Shares Authorized: .... 1,000,000,000 shares
Number of Shares Issued: .... 250,000,000 shares
Number of Shareholders: 36,909
Number of Shares per Trading Unit: .... 100 shares

Major Shareholders:

Name	% of Total
Northern Trust Company (AVFC) Sub-account American Clients	6.52
Japan Trustee Services Bank, Ltd. (Trust Account)	5.02
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	5.01
Masaya Nakamura	4.94
MAL Ltd.	4.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.50
Northern Trust Company (AVFC) Re U.S. Tax Exempted Pension Funds	3.75
The Silchester International Investors International Value Equity Trust	3.28
Sanka Ltd.	2.68
The Nomura Trust and Banking Co., Ltd. (Retirement and severance benefits trust. The Bank of Tokyo-Mitsubishi UFJ account.)	1.83

Ownership Breakdown:



Group Organization:

NAMCO BANDAI Holdings

Strategic Business Units

- Toys and Hobby
  Core Company: Bandai
- Game Contents
  Core Company: NAMCO BANDAI Games
- Visual and Music Content
  Core Company: BANDAI VISUAL
- Amusement Facility
  Core Company: NAMCO

Affiliated Business Companies
Support for Group Businesses

- Group Strategy Meeting
- Contents Business Strategy Meeting
- Group CSR Committee
  - Group Social Contribution Committee
  - Group Environment Committee
  - Group Compliance Committee
- Group Crisis Management Committee
- Group Information Security Committee
- Internal Control Committee

NAMCO BANDAI Holdings Inc.

www.bandainamco.co.jp

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